



BUDGET★
PORTFOLIO BUDGET STATEMENTS 2009-10
BUDGET RELATED PAPER NO. 1.17

TREASURY PORTFOLIO

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

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President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2009-10 Budget for the Treasury portfolio.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wayne Swan'.

Wayne Swan

Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

Enquiries

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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 2009-10 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 2009-10. 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.

CONTENTS

Portfolio Overview	1
Treasury Portfolio Overview.....	3
Agency Resources and Planned Performance	11
Department of the Treasury	13
Australian Bureau of Statistics	67
Australian Competition and Consumer Commission	89
Australian Office of Financial Management	113
Australian Prudential Regulation Authority	137
Australian Securities and Investments Commission.....	159
Australian Taxation Office	191
Commonwealth Grants Commission.....	243
Corporations and Markets Advisory Committee	257
Inspector-General of Taxation.....	271
National Competition Council.....	285
Office of the Auditing and Assurance Standards Board	301
Office of the Australian Accounting Standards Board.....	317
Productivity Commission.....	333
Royal Australian Mint	349

PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

MINISTERS AND PORTFOLIO RESPONSIBILITIES

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

The Treasury portfolio comprises 15 agencies.

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

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

The **Australian Competition and Consumer Commission** is an independent statutory authority which administers the *Trade Practices Act 1974* 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: to enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time.

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). It has two outcomes: improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks; and streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services.

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

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

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

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

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

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

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

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

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

Figure 1: Treasury portfolio structure and outcomes



Figure 1: Treasury portfolio structure and outcomes (continued)



PORTFOLIO RESOURCES

Table 1 shows the total resources provided to the portfolio in the 2009-10 budget year, by agency.

Table 1: Portfolio resources 2009-10

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	1,000	19,010	60,269,398	18,947,435	79,236,843
Departmental appropriations	167,211	13,641	-	10,721	191,573
Total:	168,211	32,651	60,269,398	18,958,156	79,428,416
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	321,906	-	-	21,737	343,643
Total:	321,906	-	-	21,737	343,643
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	137,165	2,385	-	500	140,050
Total:	137,165	2,385	-	500	140,050
Australian Office of Financial Management					
Administered appropriations	10	-	380,079,400	-	380,079,410
Departmental appropriations	12,638	-	-	828	13,466
Total:	12,648	-	380,079,400	828	380,092,876
Australian Prudential and Regulation Authority					
Administered appropriations	-	-	3,000	-	3,000
Departmental appropriations	23,055	2,730	100,657	-	126,442
Total:	23,055	2,730	103,657	-	129,442
Australian Securities and Investments Commission					
Administered appropriations	3,441	-	26,467	51,000	80,908
Departmental appropriations	344,776	9,015	-	5,788	359,579
Total:	348,217	9,015	26,467	56,788	440,487
Australian Taxation Office					
Administered appropriations	5,360	-	8,410,000	40,040	8,455,400
Departmental appropriations	3,027,903	24,544	-	16,372	3,068,819
Total:	3,033,263	24,544	8,410,000	56,412	11,524,219

Table 1: Portfolio resources 2009-10 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	7,339	-	-	8	7,347
Total:	7,339	-	-	8	7,347
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,045	-	-	-	1,045
Total:	1,045	-	-	-	1,045
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,190	-	-	52	2,242
Total:	2,190	-	-	52	2,242
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,825	-	-	-	2,825
Total:	2,825	-	-	-	2,825
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,126	-	-	1,032	2,158
Total:	1,126	-	-	1,032	2,158
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,115	-	-	1,643	4,758
Total:	3,115	-	-	1,643	4,758
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	34,561	868	-	10	35,439
Total:	34,561	868	-	10	35,439
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	175	-	162,917	163,092
Total:	-	175	-	162,917	163,092
Resources available within the Treasury portfolio:					472,318,039

AGENCY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources	15
1.1 Strategic direction	15
1.2 Agency resource statement	18
1.3 Budget measures.....	20
1.4 Transition from outcomes and outputs to outcomes and programs	24
1.5 Payments delivered by or through Treasury under the Federal Financial Framework.....	26
Section 2: Outcomes and planned performance	33
2.1 Outcomes and performance information	33
Section 3: Explanatory tables and budgeted financial statements	54
3.1 Explanatory tables	54
3.2 Budgeted financial statements	55

DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

The Treasury seeks to promote 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 global financial crisis, and associated slowdown in the international economy, has been the dominant feature of the recent economic landscape and its impact is expected to continue for some time. The issues presented by this global economic slowdown are complex and dynamic, and present significant challenges for policy analysts and advisers.

The Treasury has the lead role in providing policy analysis and advice on managing the impacts of the global economic slowdown. These policies seek to maintain stability in financial markets and focus on promoting economic growth and supporting employment.

In particular, the immediate objective is for fiscal policy to support monetary policy in cushioning the Australian economy against the worst effects of the deterioration in global economic conditions. The Treasury's policy advice will continue to be underpinned by timely and high quality assessments of domestic and international economic conditions.

The Treasury is advising Government on how best to meet its medium term fiscal strategy – achieving budget surpluses on average over the economic cycle; keeping taxation as a share of GDP on average below the 2007-08 level; and improving net financial worth. The Government has reaffirmed its commitment to take action to return the budget to surplus as the economy recovers and grows above trend.

Department of the Treasury Budget Statements

The Treasury is also examining taxation and retirement income arrangements to ensure they do not impede economic recovery and that they promote the Government's reform priorities.

The Treasury will continue to develop policies to ensure the financial system remains robust and dynamic, and that regulatory frameworks promote macroeconomic stability and market confidence. In particular, the Treasury will continue to monitor and provide advice in relation to the guarantees of deposits and wholesale funding, and the temporary and voluntary guarantee over state government borrowing. The Treasury will also implement and administer the special purpose vehicles that have been announced to address credit constraints. The Treasury will continue to monitor prudential frameworks applying to the banking sector, insurers and superannuation funds.

The global nature of current economic challenges has highlighted the importance of international economic cooperation. Effective policy responses must be coordinated with other economies through engagement in multilateral and regional forums. The Treasury is working across government and through international forums to ensure a response that is timely, efficient and has the greatest possible global impact.

The Treasury has a key role in supporting the Government's engagement in forums such as the Group of Twenty (G-20), whose broad membership of systemically important countries has made it an important group for coordinating international responses to the global financial crisis. The Treasury will also continue to work on the implementation of the recommendations of the Financial Stability Board.

Financial architecture in the Asia-Pacific region remains fluid. The Treasury is working to ensure appropriate responses to the crisis from the Asia-Pacific Economic Cooperation (APEC) and the East Asia Summit that will complement global policy responses.

Changes in global economic conditions have required the Treasury to be highly responsive to emerging policy issues, but this has not displaced the need for longer-term planning.

The Treasury's preparation of the third Intergenerational Report will provide an assessment of the longer-term sustainability of government finances, including an assessment of environmental and social sustainability issues.

The panel conducting Australia's Future Tax System Review will provide a final report to the Treasurer by the end of 2009. The aim of the review is to create a tax structure that will position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century and enhance Australia's economic and social outcomes. A review secretariat, hosted by the Treasury, has been providing support to the review panel, including in its extensive program of public consultation.

The Treasury will continue to pursue sound regulatory and structural reforms aimed at enhancing Australia's productivity and international competitiveness, and to deepen the supply potential of the economy. This includes enhancing frameworks for competition and consumer policy, including through the introduction and implementation of criminal sanctions for serious cartel conduct, national consumer law and national consumer credit law. This work also includes reform of the national access regime and building the nation's infrastructure, including a national broadband network. Reform will also continue through the Council of Australian Governments (COAG), which has identified scope for further microeconomic and regulatory reform, including infrastructure planning and regulation of the legal profession.

Standard Business Reporting (SBR), a multi-agency initiative led by the Treasury, will be implemented from mid-2010. SBR is a key plank in the COAG reform agenda, aimed at reducing the regulatory burden facing business.

The Treasury will facilitate the free flows of investment in line with the G-20 agreements to avoid protectionism and recognising the importance of foreign investment for the development of the domestic economy. The Treasury will continue to work with the Foreign Investment Review Board to ensure that foreign investment is consistent with Australia's national interest.

Beyond the immediate demands of the global financial crisis, the Treasury will continue to provide advice to achieve openness and sound governance in the global economy. The Treasury will continue to focus its efforts to deepen bilateral engagement with Indonesia, China and India, reflecting the growing importance of those economies to Australia's performance. As part of a whole-of-government effort, the Treasury will also continue to engage bilaterally to improve economic governance in the Pacific region.

The Treasury's policy advice has been underpinned by its ability to analyse and anticipate economic issues. In doing so, the Treasury has drawn upon the depth of expertise and experience in all areas of the organisation.

The current economic environment has placed demands on the Treasury's organisational capabilities and its people. In order to maintain the Treasury's high level of service to Government, the Treasury will draw upon the lessons and experiences of the past year with a view to optimising its organisational structure and building additional capacity as necessary.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	=	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services					
Departmental					
Prior year departmental carried forward	62,816 ⁴	-		62,816	-
Departmental appropriation	-	167,211 ¹		167,211	145,931
Receipts from other sources (s31)	-	10,721 ³		10,721	10,819
Total departmental	62,816	177,932		240,748	156,750
Administered expenses					
Outcome 1	-	1,000 ¹		1,000	5,000
Total administered expenses	-	1,000		1,000	5,000
Total ordinary annual services	A 62,816	178,932		241,748	161,750
Other services					
Administered expenses					
Payments to States, ACT, NT and local government					
Outcome 1	-	-		-	615,769
Total	-	-		-	615,769
Departmental non-operating					
Equity injections	-	11,841 ²		11,841	21,304
Previous years' outputs	-	1,800 ²		1,800	949
Total	-	13,641		13,641	22,253
Administered non-operating					
Administered assets and liabilities					
Outcome 1	-	19,010 ²		19,010	83,840
Total	-	19,010		19,010	83,840
Total other services	B -	32,651		32,651	721,862
Total available annual appropriations (A + B)	62,816	211,583		274,399	883,612

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	=	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Special appropriations					
<i>Federal Financial Relations Act 2009</i>	-	59,264,932		59,264,932	3,181,600
<i>International Monetary Agreements Act 1947</i>	-	4,466		4,466	433,711
Australian Business Investment Partnership Bill 2009 ⁶	-	1,000,000		1,000,000	-
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	-	-		-	41,450,756
Total special appropriations	C	60,269,398		60,269,398	45,066,067
Total appropriations excluding special accounts (A+B+C)	62,816	60,480,981		60,543,797	45,949,679
Special accounts⁵					
Opening balance	1,858	-		1,858	-
Appropriation receipts	-	18,945,775		18,945,775	7,936,847
Non-appropriation receipts to special accounts	-	1,660		1,660	1,660
Total special account	D	18,947,435		18,949,293	7,938,507
Total resourcing (A+B+C+D)	64,674	79,428,416		79,493,090	53,888,186
Less receipts from other sources credited to special accounts	-	1,660		1,660	1,660
Total net resourcing for the Treasury	64,674	79,426,756		79,491,430	53,886,526

1. Appropriation Bill (No. 1) 2009-10.
2. Appropriation Bill (No. 2) 2009-10.
3. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.
6. This has yet to be enacted by parliament.

1.3 BUDGET MEASURES

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

Table 1.2: Department of the Treasury 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures						
Carbon Pollution Reduction						
Scheme - GST treatment of units	1.4	-	-	-	-	-
Closing the Gap -						
Northern Territory - community stores	1.10	-	300	300	300	-
Northern Territory - enhancing education - quality teaching and accelerated literacy	1.10	-	13,358	13,847	10,443	-
Northern Territory - family support package	1.10	-	5,068	5,269	5,476	-
Northern Territory - field operations	1.10	-	900	2,907	4,278	-
Northern Territory - Indigenous health and related services	1.10	-	8,000	5,000	5,000	-
Northern Territory - policing	1.10	-	31,404	49,397	47,828	-
Drought assistance -						
Exceptional Circumstances assistance for primary producers	1.10	-	211,164	-	-	-
Exceptional Circumstances assistance for small businesses - extension	1.10	-	15,784	-	-	-
Federal finances -						
additional decisions - reward payment for improved Year 12 attainment levels	1.10	-	-	-	50,000	-
rationalising payments - film and literature classification	1.10	-	4,700	(600)	(600)	(600)
rationalising payments - GST compensation	1.4	309,400	(301,946)	(1,000)	(1,000)	(1,000)
rationalising payments - organ transplantation services	1.10	-	16,090	(2,137)	(2,137)	(2,137)
rationalising payments - repatriation general hospitals	1.10	-	12,322	(1,829)	(1,727)	(1,724)

Table 1.2: Department of the Treasury 2009-10 Budget measures (continued)

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures (continued)						
National Partnership						
Agreement - Queensland compensation for health care treatment provided to Papua New Guinean nationals						
	1.10	-	-	-	-	-
Northern Territory Medical School						
	1.10	-	532	1,628	2,212	-
Reform of family payments - pasue to indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus						
	1.4	-	-	-	-	-
Regional Telecommunications						
Review Response - Digital Regions Initiative						
	1.10	-	1,612	9,600	14,521	4,693
Indigenous Communications Program						
	1.10	-	630	2,274	2,009	2,054
Rum Jungle mine site - environmental rehabilitation						
	1.10	-	1,974	1,200	3,528	346
Streamlining tax law design - response to the Tax Design Review Panel report						
	1.1	-	600	600	600	-
Torres Strait health protection strategy						
	1.10	-	900	900	900	900
Capital measures						
Global recession - increased on developing countries - capital for the Asian Development Bank						
	1.2	-	-	-	-	-

Table 1.2: Department of the Treasury 2009-10 Budget measures (continued)

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Updated Economic and Fiscal Outlook Measures					
Expense					
GST - ensuring consistent treatment of ATM fees	1.4	(2,000)	(7,000)	(7,000)	(7,000)
Implementation of Operation Sunlight	1.1	312	-	-	-
Nation Building and Jobs Plan - Investment in Social Housing - reducing homelessness and meeting priority needs	1.10	260,000	4,072,000	1,744,000	312,000
Philanthropy - protect charitable status of participants in National Rental Affordability Scheme	1.4	(2,000)	(10,000)	(13,000)	(5,000)
Strengthening capacity of Central Agencies to support the Government's Strategic Policy Agenda	1.1	1,800	8,200	8,300	8,300
Capital					
Australian Business Investment Partnership	1.3	-	-	-	-
Car dealer financing: establishment of a special purpose vehicle	1.3	-	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the Treasury's outcome statements under the Operation Sunlight Outcome Statements Review.

The Treasury has moved from four outcomes to a single outcome and has 10 programs. In summary:

- all previous departmental outputs now come under Program 1.1;
- administered items previously in Outcome 1 are now included in Program 1.2;
- administered items previously in Outcome 2 are now included as part of new Programs 1.4 and 1.10;
- administered items previously in Outcome 4 are now included in program 1.3; and
- as a result of the new framework for federal financial relations, the Treasury has additional Programs 1.4 to 1.10.

A diagram showing the transition from outcomes and outputs to outcomes and programs appears in Figure 2 on the following page.

Figure 2: Transition table

2008-09 Budget year		2009-10 Program	2009-10 Budget year	
Outcome 1: Sound macroeconomic environment			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	
Output Group 1.1: Macroeconomic Group			2008-09 Output Group	
Administered Items:			Program 1.1: Department of the Treasury Program Support	
Subscriptions to international financial institutions	1.2		1.1, 2.1, 3.1, 4.1	
Special Appropriation - <i>International Monetary Agreements Act 1947</i>	1.2			
Departmental Outputs:			Program 1.2: Payments to International Financial Institutions	
Output 1.1.1 Domestic economic policy advice and forecasting	1.1		Subscriptions to international financial institutions	1.1
Output 1.1.2 International economic policy advice and assessment	1.1		Special Appropriation - <i>International Monetary Agreements Act 1947</i>	1.1
Outcome 2: Effective government spending arrangements			Program 1.3: Support for Markets and Business	
Output Group 2.1: Fiscal Group			Australian Business Investment Partnership	
Administered Items:			HIH Claims Support Scheme	
Crude oil excise condensate	1.10		Housing Loan Insurance Company Limited - payments in respect of insurance claims	
Special Appropriation - <i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	1.4		Program 1.4: General Revenue Assistance	
Economic Security Strategy - First Home Owners Boost - Special Appropriation - <i>Appropriation (Economic Security Strategy) Act (No. 2) 2008-09</i>	1.10		2.1 and new	
Departmental Outputs:			<i>Federal Financial Relations Act 2009</i>	
Output 2.1.1 Budget policy advice and coordination	1.1		COAG Reform Fund - Special Account	
Output 2.1.2 Commonwealth-State financial policy advice	1.1		Program 1.5: Assistance to the States for Healthcare Services	
Output 2.1.3 Industry, environment and defence policy advice	1.1		new	
Output 2.1.4 Social and income support policy advice	1.1		<i>Federal Financial Relations Act 2009</i>	
Outcome 3: Effective taxation and retirement income arrangements			Program 1.6: Assistance to the States for Government Schools	
Output Group 3.1: Revenue Group			new	
Departmental Outputs:			<i>Federal Financial Relations Act 2009</i>	
Output 3.1.1 Taxation policy and legislation advice	1.1		Program 1.7: Assistance to the States for Skills and Workforce Development	
Output 3.1.2 Retirement income and saving policy and legislation advice	1.1		new	
Outcome 4: Well functioning markets			<i>Federal Financial Relations Act 2009</i>	
Output Group 4.1: Markets Group			Program 1.8: Assistance to the States for Disability Services	
Administered Items:			new	
HIH Claims Support Scheme	1.3		<i>Federal Financial Relations Act 2009</i>	
Housing Loan Insurance Company Limited - payments in respect of insurance claims	1.3		Program 1.9: Assistance to the States for Affordable Housing	
Standard Business Reporting - payments to State Revenue Offices	1.10		new	
Departmental Outputs:			<i>Federal Financial Relations Act 2009</i>	
Output 4.1.1 Foreign investment and trade policy advice and administration	1.1		Program 1.10: National Partnership Payments to the States	
Output 4.1.2 Financial system and corporate governance policy advice	1.1		2.1 and new	
Output 4.1.3 Competition and consumer policy advice	1.1		COAG Reform Fund - Special Account	
Output 4.1.4 Actuarial services	1.1			

1.5 PAYMENTS DELIVERED BY OR THROUGH TREASURY UNDER THE FEDERAL FINANCIAL FRAMEWORK

The Council of Australian Governments (COAG) has agreed to a new framework for federal financial relations that commenced from 1 January 2009. Under this framework payments for specific purposes will now be made through combined monthly payments from the Commonwealth Treasury to and through State and Territory Treasuries. Transitional arrangements apply until 30 June 2009, during which period some agencies continue to make some payments under arrangements with the Treasury.

The Treasury is responsible for the efficient payment to and through the States and Territories for National Specific Purpose Payments, National Partnership payments and general revenue assistance.

The Treasury holds the appropriation for most of these payments and reports financial details accordingly. The non-financial performance of the corresponding program generally remains the responsibility of the policy agency. Details of the policy agency's programs are presented in their Portfolio Budget Statements. The Treasury has taken on the responsibility for these payments with effect from 1 January 2009, for most payments.

As a result of transitioning to the new framework during the period to 30 June 2009, financial information for each affected program will not be complete for the 2008-09 financial year within a single Portfolio Budget Statement. Complete figures can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

A summary of payments under the new arrangements, by portfolio, appears in Table 1.3. Additional information appears in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Agriculture, Fisheries and Forestry portfolio					
Equine influenza emergency response	1.10	7,625	-	-	-
Eradication of red imported fire ant	1.10	1,634	-	-	-
Exceptional circumstances assistance	1.10	359,694	226,948	-	-
Exotic disease preparedness program	1.10	204	387	393	401
Plant disease and eradication	1.10	408	-	-	-
Total		369,565	227,335	393	401
Attorney-General's portfolio					
Bushfire mitigation package	1.10	5,881	5,000	5,000	5,000
Disaster mitigation package	1.10	3,441	16,000	-	-
Film and literature classification	1.10	576	5,260	-	-
Legal aid	1.10	57,968	165,604	170,676	173,924
Natural disaster relief	1.10	328,445	80,041	80,041	80,041
Restoration of Albert Hall, Canberra	1.10	-	500	-	-
Schools security program	1.10	975	2,000	-	-
Total		397,286	274,405	255,717	258,965
Broadband, Communications and the Digital Economy portfolio					
Digital regions initiative	1.10	-	1,612	9,600	14,521
Indigenous communications program	1.10	-	630	2,274	2,009
Total		-	2,242	11,874	16,530
Defence portfolio					
Defence Headquarters Joint Operations Command Road Network, Bungendore	1.10	23,300	-	-	-
Total		23,300	-	-	-
Defence portfolio (Department of Veteran Affairs)					
Home and community care services for veterans	1.10	5,324	17,972	18,457	18,438
Repatriation general hospitals	1.10	631	14,258	-	-
Total		5,955	32,230	18,457	18,438

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework (continued)

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Education, Employment and Workplace Relations portfolio					
Better TAFE facilities	1.10	-	200,000	-	-
Building the education revolution	1.10	688,471	5,108,161	3,131,399	-
Closing the Gap - Northern Territory - enhancing education - quality teaching, accelerated literacy and classrooms	1.10	-	13,358	13,847	10,443
Digital education revolution	1.10	755,668	166,284	120,001	120,000
Early childhood education	1.10	39,000	77,000	97,001	297,000
Improving teacher quality	1.10	-	24,000	36,000	145,800
Indigenous early childhood development	1.10	17,467	74,552	67,805	55,165
Literacy and numeracy	1.10	70,000	80,001	175,000	175,000
Low SES school communities	1.10	-	91,125	123,000	225,000
Productivity places program	1.10	70,354	208,214	319,424	375,863
Quality on the job workplace learning	1.10	13,300	13,300	26,601	26,599
TAFE fee waivers for childcare qualifications	1.10	8,448	-	-	-
Trade training centres in schools	1.10	139,679	211,759	85,882	158,220
Year 12 attainment and transition	1.10	-	-	-	50,000
Total		1,802,387	6,267,754	4,195,960	1,639,090
Environment, Water, Heritage and the Arts portfolio					
Caring for our Country	1.10	159,000	138,000	138,000	138,000
Great Artesian Basin Sustainability Initiative	1.10	8,299	14,880	14,870	14,857
National Solar Schools Plan	1.10	-	46,340	46,340	46,130
Renewable remote power generation	1.10	22,722	40,460	25,000	-
The Living Murray	1.10	16,999	28,024	-	-
Transfer of Commonwealth land to Victoria - Point Nepean	1.10	-	15,000	-	-
Water for the Future	1.10	158,222	220,510	68,250	6,500
Total		365,242	503,214	292,460	205,487

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework (continued)

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000	
Families, Housing, Community Services and Indigenous Affairs portfolio						
Closing the Gap - Northern Territory - community stores	1.10	-	300	300	300	-
Closing the Gap - Northern Territory - family support package - coordination	1.10	-	5,068	5,269	5,476	-
Closing the Gap - Northern Territory - field operations	1.10	-	900	2,907	4,278	-
Closing the Gap - Northern Territory - remote policing and substance abuse	1.10	-	31,404	49,397	47,828	-
Concessions for Pensioners and Senior Card Holders	1.10	109,868	230,553	238,633	246,456	255,642
Homelessness	1.10	21,973	97,700	128,500	131,500	156,500
Improving policing in very remote areas	1.10	13,639	4,010	-	-	-
Investment in social housing	1.10	260,000	4,072,000	1,744,000	312,000	-
National reciprocal transport concessions	1.10	12,000	12,000	12,000	12,000	12,500
Remote Indigenous Housing	1.10	395,635	432,733	412,783	463,941	478,971
Social Housing	1.10	200,000	200,000	-	-	-
Social housing subsidy program	1.10	1,031	11,921	-	-	-
Total		1,014,146	5,098,589	2,593,789	1,223,779	903,613
Health and Ageing portfolio						
Activity based funding	1.10	36,490	-	-	41,400	55,520
Aged care assessment	1.10	30,735	75,566	78,170	81,364	83,826
Cairns Base Hospital chemotherapy cancer initiative	1.10	500	-	-	-	-
Cairns radiation oncology	1.10	1,000	3,300	2,000	2,000	-
Child health - health checks for four year old children	1.10	1,943	1,725	1,804	1,886	1,886
Closing the Gap - Northern Territory - Indigenous health and related services	1.10	-	8,000	5,000	5,000	-
Commonwealth dental health program	1.10	-	46,000	94,300	99,000	50,700
Darwin Hospital - equipped, prepared and ready	1.10	6,837	13,974	14,212	14,481	14,756

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework (continued)

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Health and Ageing portfolio (continued)					
Elective surgery waiting list reduction plan	1.10	-	150,000	220,000	-
Enabling infrastructure	1.10	-	2,500	2,500	2,500
Essential vaccines	1.10	-	324,149	329,067	334,999
Health care grants for Torres Strait	1.10	-	3,791	3,969	4,166
Health infrastructure grants - Bacchus Marsh, Ct for Kempsey, MRI for Cairns Base Hospital, North Lakes	1.10	6,250	-	-	-
Healthy children	1.10	-	-	-	32,455
Healthy workers	1.10	-	-	-	33,552
Helping public patients in hospitals waiting for nursing home places	1.10	-	37,500	37,500	37,500
Hepatitis C settlement fund	1.10	1,347	1,400	1,400	1,400
Home and community care	1.10	463,448	1,197,357	1,283,410	1,379,782
Human quarantine	1.10	100	100	100	100
Indigenous early childhood development	1.10	-	14,958	19,843	22,797
Infrastructure grants to Tasmania - family accommodation units in Launceston	1.10	-	500	500	-
Infrastructure grants to Tasmania - upgrading equipment and infrastructure in the NWR Hospital	1.10	-	400	400	600
Lismore integrated cancer centre	1.10	-	3,500	-	-
National bowel cancer screening for 50 year olds	1.10	2,000	1,999	1,999	-
National cancer plan - Children's Cancer Centre	1.10	3,000	12,000	-	-
National cancer plan - Olivia Newton-John Cancer Centre	1.10	4,500	10,000	-	-
National immunisation surveillance	1.10	-	569	586	602
Northern Territory medical school - funding contribution	1.10	-	-	532	1,628
Organ transplantation services	1.10	1,511	18,227	-	-
OzFoodNet	1.10	893	1,568	1,598	1,628
PET scanner for the Mater Hospital	1.10	385	1,115	-	-
PET scanner for the Royal Hobart Hospital	1.10	-	3,500	-	-

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework (continued)

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000	
Health and Ageing portfolio (continued)						
Plan for perinatal depression	1.10	1,800	3,600	6,400	9,500	8,700
Pneumococcal disease surveillance	1.10	154	158	160	165	167
Rheumatic fever	1.10	1,048	2,334	2,370	2,415	2,523
Satellite renal dialysis for remote Northern Territory communities	1.10	590	600	-	-	-
Sexual assault counselling for remote Northern Territory areas	1.10	1,436	1,383	1,378	1,527	-
Social marketing	1.10	-	-	6,001	6,001	6,001
Sub-acute care	1.10	500,000	-	-	-	-
Supporting Western Sydney - Positron Emission Tomography scanner Westmead	1.10	1,300	1,300	1,300	1,300	1,300
Supporting nurses back into the workforce - incentive payments	1.10	1,200	5,102	6,000	7,199	8,100
Supporting nurses back into the workforce - training payments	1.10	416	1,080	1,350	1,639	1,708
Taking the pressure off public hospitals waiting for nursing	1.10	750,000	-	-	-	-
Tasmanian package - Launceston integrated care centre	1.10	14,900	-	-	-	-
Tasmanian package - improved patient transport	1.10	2,000	2,300	2,300	1,150	-
Tasmanian package - radiation oncology services	1.10	1,000	3,236	1,789	712	993
Torres Strait Islander health protection strategy	1.10	-	878	898	913	929
Victorian cytology	1.10	-	6,985	7,334	7,700	8,085
World sailing championships - contribution	1.10	1,000	2,000	2,000	3,600	-
Total		1,837,783	1,964,654	2,138,170	2,142,661	2,274,612
Infrastructure, Transport, Regional Development and Local Government portfolio						
East Kimberley development	1.10	16,400	178,800	-	-	-
Federation Fund Projects - New South Wales/Victoria	1.10	1,000	-	-	-	-
Fort St High School - noise insulation	1.10	-	4,000	6,000	4,500	-
Infrastructure Employment Projects	1.10	-	76,347	67,886	-	-
National Building program	1.10	5,068,617	3,323,307	2,859,772	3,325,372	3,294,001
Total		5,086,017	3,582,454	2,933,658	3,329,872	3,294,001

Table 1.3: Programs for which Treasury is appropriated under the Federal Financial Relations Framework (continued)

Treasury Program	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Innovation, Industry, Science and Research portfolio					
North East Tasmania Micro (NETMicro) Capital Scheme 1.10	300	-	-	-	-
Total	300	-	-	-	-
Resources, Energy and Tourism portfolio					
Environmental management of the former Rum Jungle mine site 1.10	-	1,974	1,200	3,258	346
Total	-	1,974	1,200	3,258	346
Treasury portfolio					
First Home Owners Boost 1.10	248,898	733,671	47,307	5,452	-
Seamless national economy 1.10	100,000	-	-	199,990	250,000
Standard Business Reporting 1.10	4,200	9,041	-	-	-
Total	353,098	742,712	47,307	205,442	250,000

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Treasury's outcome is described below together with its related programs, specifying the objectives, deliverables and key performance indicators used to assess and monitor the performance of the Treasury.

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

Outcome 1 Strategy

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

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

Department of the Treasury Budget Statements

- 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 regional economic architecture; and
- the administration of a range of payments to the States and Territories which are reported in Programs 1.4 to 1.10.

Outcome 1 Budgeted Resources

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

Table 2.1: Budgeted Resources 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	2008-09 Estimated actual resources \$'000	2009-10 Estimated resources \$'000
Program 1.1: Department of the Treasury		
Departmental resources		
Ordinary annual services (Appropriation Bill No. 1)	145,931	167,211
Equity injections (Appropriation Bill No. 2)	21,304	11,841
Previous years' outputs	949	1,800
Revenues from independent sources (section 31)	10,819	10,721
Special accounts	1,660	1,660
Total for Program 1.1	180,663	193,233
Program 1.2: Payments to International Financial Institutions		
Administered capital		
Administered assets and liabilities	3,151	-
Administered expenses		
Special appropriations	433,711	4,466
Total for Program 1.2	436,862	4,466
Program 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 2)	1,000	1,000
Administered capital		
Administered assets and liabilities	80,742	1,019,010
Total for Program 1.3	81,742	1,020,010
Program 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	41,450,756	41,330,000
Special accounts	931,618	493,917
Total for Program 1.4	42,382,374	41,823,917
Program 1.5: Assistance to the States for Healthcare Services		
Administered expenses		
Special appropriations	-	11,224,185
Total for Program 1.5	-	11,224,185
Program 1.6: Assistance to the States for Government Schools		
Administered expenses		
Special appropriations	1,507,810	3,286,594
Total for Program 1.6	1,507,810	3,286,594

Table 2.1: Budgeted Resources for Outcome 1 (continued)

Outcome 1 (continued)	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.7: Assistance to the States for Skills and Workforce Development		
Administered expenses		
Special appropriations	656,652	1,317,877
Total for Program 1.7	656,652	1,317,877
Program 1.8: Assistance to the States for Disabilities Services		
Administered expenses		
Special appropriations	431,080	903,686
Total for Program 1.8	431,080	903,686
Program 1.9: Assistance to the States for Affordable Housing		
Administered expenses		
Special appropriations	586,058	1,202,590
Total for Program 1.9	586,058	1,202,590
Program 1.10: National Partnership Payments to the States		
Administered expenses		
Special appropriations	-	-
Special accounts	7,005,229	18,451,858
Total for Program 1.10	7,005,229	18,451,858
Outcome 1 Totals by Appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 2)	1,000	1,000
Special appropriations	44,632,356	59,264,932
Special accounts	7,936,847	18,945,775
Administered capital		
Administered assets and liabilities	83,893	1,019,010
Special appropriations	433,711	4,466
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	145,931	167,211
Equity Injections (Appropriation Bill No. 2)	21,304	11,841
Previous Years' Outputs	949	1,800
Revenues from Independent Sources (section 31)	10,819	10,721
Special accounts	1,660	1,660
Total resources for Outcome 1	53,268,470	79,428,416
	2008-09	2009-10
Average staffing level (number)	932	993

Contributions to Outcome 1

Program 1.1: Department of the Treasury

Program objective

The objectives of the Treasury are:

- promoting a sound macroeconomic environment by monitoring and assessing economic conditions and prospects both in Australia and overseas, and providing advice on macroeconomic policy including fiscal and monetary policy;
- promoting effective government spending arrangements that contribute to the overall fiscal outcomes, influence strong sustainable economic growth and improve the wellbeing of Australians;
- developing effective taxation and retirement income arrangements consistent with the Government's reform priorities;
- ensuring well functioning markets by providing advice on 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; and
- using global and regional forums, and bilateral relationships to advance Australia's interests and improve the international economic environment and assist other governments in Asia and the south west Pacific to improve economic governance.

Program resources

Estimates for the forward years predominantly reflect the impact of government measures.

Table 2.2: Program resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	145,931	167,211	152,779	142,525	142,010
Equity injections	21,304	11,841	-	-	-
Previous years' outputs	949	1,800	-	-	-
Receipts from other sources (s31)	10,819	10,721	10,379	10,544	10,653
Special accounts	1,660	1,660	1,660	1,660	1,660
Total program resources	180,663	193,233	164,818	154,729	154,323

Program deliverables

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

Macroeconomic Group

In 2009-10 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 in the context of the global financial crisis;
- the setting of sound macroeconomic policies in the current environment;
- Australia's involvement in the G-20 processes, reflecting the contribution the systemically important countries can make to coordinating international responses to the global financial crisis;
- ongoing work with the Indonesian Government through the Australia-Indonesia Partnership for Reconstruction and Development;
- shaping the consideration of financial and economic issues in the APEC forum, and the East Asia Summit process;
- deeper economic engagement strategies with China and India, reflecting the importance of these countries in the international economy; and
- the role the Treasury plays in Government initiatives to develop well functioning economic ministries in the south-west Pacific.

Fiscal Group

In 2009-10, Fiscal Group will provide advice on:

- fiscal strategy which aims to ensure fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- preparation of the Commonwealth Budget and other financial related papers required under the Charter of Budget Honesty Act 1998; and
- supporting Commonwealth-State relationships through the coordination and delivery of various Commonwealth-State forums, including the progress of COAG reform agendas.

Revenue Group

In 2009-10, Revenue Group will provide advice on:

- the comprehensive review of Australia's tax and transfer system being undertaken by Australia's Future Tax System review panel, which is to provide a final report to the Treasurer by the end of 2009;
- taxation and retirement income initiatives which assist taxpayers deal with the impacts of the global financial crisis and advance the government's other policy goals, including a simpler and fairer tax system, improved international competitiveness and investment decisions leading to higher productivity;
- the costs and impacts of tax proposals, measures and expenditures, including their distributional impact and overall efficiency; and
- a modernised tax treaty network and revised international tax rules which address risks from harmful tax jurisdictions, promote growth and investment, and further Australia's interests, particularly in the Pacific and Asia.

Markets Group

In 2009-10, Markets Group will provide advice on:

- measures to promote competition and financial system stability;
- availability of finance to key financial institutions, including banks, credit unions and to key sectors of the economy to support growth and jobs;
- implementation of the Government's principles for assisting borrowers facing financial hardship in servicing housing and personal debt;
- the efficient operations of the guarantees on deposits and wholesale funding of banks and other Australian deposit taking institutions;
- the impact of the Government's investment in residential mortgage-backed securities;
- how best to implement the G-20 decisions aimed at strengthening the financial regulatory system;
- further reforms to executive remuneration arrangements through the recommendations of the Productivity Commission's inquiry into director and executive remuneration and the work of the Australian Prudential Regulation Authority on its prudential standards for sound remuneration;
- initiatives arising from the Australian Financial Centre Forum to strengthen Australia as a regional centre;

Department of the Treasury Budget Statements

- financial services and corporate reform addressing emerging issues in investor protection, corporate governance and reporting, and market integrity;
- the introduction and implementation of criminal sanctions for serious cartel conduct;
- key planks in the COAG reform agenda designed to reduce the regulatory burden facing business including a national law for consumer policy, national consumer credit law and as the lead agency in the multi-agency Standard Business Reporting initiative;
- international cooperation in financial system regulation, corporate governance, financial reporting, auditing and corporate insolvency;
- reform of the national access regime, and building the nation's infrastructure, including a national broadband network;
- managing incoming foreign investment to ensure that the national interest is protected and encourage free flows of investment;
- representation of Australia's interests on investment and financial service issues in negotiating free trade agreements and the Doha Round and, in relation to investment, in multilateral forums such as the OECD and APEC; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to Government, the Treasury and other agencies.

Program key performance indicators

The Treasury has the following key performance indicators:

- advice meets the Government's needs in administering its responsibilities and making and implementing decisions. Advice is timely, of high quality, and is based on an objective and thorough understanding of issues and a whole-of-government and whole-of-economy 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 meet the Government's and public's expectations. 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.

- Treasury officials participate effectively in international forums, bilateral dialogue and programs to support the achievement of Government objectives.
- legislation developed by the Treasury is in accordance with the principles of good law design and is delivered according to government priorities:
 - the majority of prospective tax and retirement income legislation is ready to introduce into Parliament within twelve months, and the majority of retrospective tax and retirement income legislation within six months, of the Government announcing it; and
 - at least one tax or retirement income legislative measure is the subject of a post-implementation review annually.

Program 1.2: Payments to International Financial Institutions

Program objective

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

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

Program resources

Australia's annual payments of \$2.5 million to the IMF's Poverty Reduction and Growth Facility are scheduled to cease in 2008-09.

Australia will provide a total of US\$197.6 million as a paid-in contribution to the Asian Development Bank's Fifth General Capital Increase.

Table 2.3: Program resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Administered capital:					
Poverty Reduction and Growth Facility	2,500	-	-	-	-
European Bank for Reconstruction and Development - Promissory Notes	651	-	-	-	-
Asian Development Bank - General Capital Increase	-	-	26,500	26,500	26,500
Special appropriations:					
<i>International Monetary Agreements Act 1947</i>	433,711	4,466	4,466	4,466	4,466
Total program resources	436,862	4,466	30,966	30,966	30,966

Program deliverables

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

Program key performance indicators

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

Program 1.3: Support for Markets and Business

Program objective

Subject to the passage of legislation, payments may be made to the Australian Business Investment Partnership (ABIP) to enable it to enter into financing arrangements to provide liquidity support for viable commercial property assets where financiers have withdrawn from debt financing arrangements as a result of the global financial crisis.

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 made to eligible HIH insurance policy holders under the HIH Claims Support Scheme. The HIH Claims Support Scheme is now focused on finalising remaining claims so assistance can be paid, and the claims portfolio wound up.

Program resources

ABIP will be initially financed at \$4 billion, with the Australian Government's contribution of \$2 billion matched by a \$0.5 billion contribution from each of Australia's four major banks. The Commonwealth's \$2 billion contribution will consist of a loan facility (\$1.998 billion over 2009-10 to 2010-11) and an equity contribution to ABIP's operating costs (\$2 million in 2009-10). Additionally, Government guaranteed debt of up to \$26 billion may be issued, if there is a need for ABIP to provide refinancing for loans beyond the amount of the initial contributions and all the members of ABIP agree.

There are no changes to estimates across the forward years for the Housing Loans Insurance Company Limited.

The HIH Claims Support Scheme is finalising remaining claims so estimates are mainly reducing into the forward years.

Table 2.4: Program resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations					
Australian Business Investment Partnership Bill 2009 ¹	-	1,000,000	1,000,000	-	-
Administered expenses					
Housing Loan Insurance Company Limited - payments in respect of insurance claims	1,000	1,000	1,000	1,000	1,000
Administered capital					
HIH Claims Support Scheme - payment of assistance	80,742	19,010	5,750	1,000	1,716
Total program resources	81,742	1,020,010	1,006,750	2,000	2,716

1. This has yet to be enacted by parliament.

Program deliverables

ABIP may enter into financing arrangements within the two year period beginning the day after the Australian Business Investment Partnership Bill 2009 is enacted by parliament and receives Royal Assent. The term of the arrangements may not exceed three years unless specified by regulation. ABIP is expected to cease operations by 30 June 2014.

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

Program key performance indicators

ABIP is a temporary contingency measure to provide financing for commercial property assets in Australia in situations where finance relating to those assets is not available from commercial providers (other than ABIP), and the assets would otherwise be financially viable.

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

Program 1.4: General Revenue Assistance

Program objective

The Government will make general revenue assistance payments to the States and Territories which are provided without conditions for each State and Territory to spend according to their own budget priorities. General revenue assistance payments consist of:

- payments of revenue received from the GST, which in accordance with the Intergovernmental Agreement, the Commonwealth administers on behalf of the States;
- payments for budget balancing assistance if the share of GST payments in a financial year was less than the guaranteed minimum amount for that year (2008-09 is the last year of these payments);
- 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 compensate for the deferral of GST revenue collected from small businesses and non-profit organisations which registered to pay and report on an annual rather than monthly or quarterly basis;
- 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.

This program is linked to the Attorney-General's portfolio and the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.5: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Federal Financial Relations Act 2009</i>					
GST Revenue Payments SPP	41,189,398	41,330,000	43,580,000	46,460,000	49,410,000
Grants to Balance State Budgets	261,358	-	-	-	-
Special accounts:					
COAG Reform Fund					
ACT Municipal Services	-	35,053	35,612	36,290	37,609
Compensation for GST Revenue foregone	-	(299,945)	-	-	-
Crude Oil Excise condensate compensation	55,000	60,400	57,100	57,100	57,100
Royalties	461,736	698,409	683,626	626,966	626,966
Snowy-Hydro Ltd - company tax compensation	414,882	-	-	-	-
Total program expenses	42,382,374	41,823,917	44,356,338	47,180,356	50,131,675

Program deliverables

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

Program key performance indicators

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

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

Program 1.5: Assistance to the States for Healthcare Services

Program objective

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

This program is linked to the Health and Ageing portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.6: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations: National Healthcare SPP <i>Federal Financial Relations Act 2009</i>	-	11,224,185	11,978,402	12,819,872	13,747,215
Total program expenses	-	11,224,185	11,978,402	12,819,872	13,747,215

Program deliverables

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

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Healthcare 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 Commonwealth Treasury will review the reports provided by each State and Territory on their expenditure in the healthcare sector.

Program 1.6: Assistance to the States for Government Schools

Program objective

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

This program is linked to the Education, Employment and Workplace Relations portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.7: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations: National Schools SPP <i>Federal Financial Relations Act 2009</i>	1,507,810	3,286,594	3,487,943	3,710,325	3,954,168
Total program expenses	1,507,810	3,286,594	3,487,943	3,710,325	3,954,168

Program deliverables

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

Program key performance indicators

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

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

The Commonwealth Treasury will review the reports provided by each State and Territory on their expenditure in the schools sector.

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

Program objective

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

This program is linked to the Education, Employment and Workplace Relations portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.8: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations: National Skills and Workforce Development SPP <i>Federal Financial Relations Act 2009</i>	656,652	1,317,877	1,343,073	1,367,527	1,394,085
Total program expenses	656,652	1,317,877	1,343,073	1,367,527	1,394,085

Program deliverables

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

Program key performance indicators

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

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

The Commonwealth Treasury will review the reports provided by each State and Territory on their expenditure in the delivery of skills and workforce development services.

Program 1.8: Assistance to the States for Disability Services

Program objective

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

This program is linked to the Families, Housing, Community Services and Indigenous Affairs portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.9: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
National Disability Services SPP					
<i>Federal Financial Relations Act 2009</i>	431,080	903,686	1,038,911	1,180,224	1,229,324
Total program expenses	431,080	903,686	1,038,911	1,180,224	1,229,324

Program deliverables

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

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Disability Services 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 Commonwealth Treasury will review the reports provided by each State and Territory on their expenditure in the delivery of disability services.

Program 1.9: Assistance to the States for Affordable Housing

Program objective

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

This program is linked to the Families, Housing, Community Services and Indigenous Affairs portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.10: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
National Affordable Housing SPP <i>Federal Financial Relations Act 2009</i>	586,058	1,202,590	1,225,138	1,247,191	1,270,887
Total program expenses	586,058	1,202,590	1,225,138	1,247,191	1,270,887

Program deliverables

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

Program key performance indicators

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

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

The Commonwealth Treasury will review the reports provided by each State and Territory on their expenditure in the delivery of affordable housing.

Program 1.10: National Partnership Payments to the States

Program objective

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

This program is linked to the Agriculture, Fisheries and Forestry portfolio, Attorney-General's portfolio, Defence portfolio, Defence portfolio (Department of Veteran's Affairs), Environment, Water, Heritage and Arts portfolio, Education, Employment and Workplace Relations portfolio, Families, Housing, Community Services and Indigenous Affairs portfolio, Health and Ageing portfolio, Infrastructure, Transport, Regional Development and Local Government portfolio and the Innovation, Industry, Science and Research portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2009-10*.

Table 2.11: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-011 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special account expenses:					
National Partnership Payments to the States					
COAG Reform Fund	7,936,847	18,945,775	13,263,913	9,788,052	9,193,885
Total program expenses	7,936,847	18,945,775	13,263,913	9,788,052	9,193,885

Program deliverables

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

Program key performance indicators

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

Department of the Treasury Budget Statements

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

The Commonwealth Treasury will review the reports provided by each State and Territory on their performance in implementing each of the National Partnership agreements.

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 2009-10. It explains how budget plans are incorporated into the financial statements details the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.1 shows the movement of administered funds approved since the 2008-09 Additional Estimates.

Table 3.1.1: Movement of administered funds between years

	\$'000
Program 1.10 - National Partnership Payments to the States	5,100

Note: The movement of funds reflects payments that were originally to be paid to state and territory governments for Standard Business Reporting in 2008-09 that are now to be paid in 2009-10.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of Special account cash flows and balances

	Opening balance	Receipts Non- Appropriated	Receipts Appropriated	Payments	Closing balance
	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09
	Outcome \$'000	\$'000	\$'000	\$'000	\$'000
Actuarial Services Special Account (departmental)	1,858 1,858	1,660 1,660	- -	1,660 1,660	1,858 1,858
COAG Reform Fund (administered)	- -	18,945,775 7,936,847	10,113,175 6,379,606	29,058,950 14,316,453	- -
Total special accounts 2009-10 Budget estimate	1,858	18,947,435	10,113,175	29,060,610	1,858
Total special accounts 2008-09 estimate actual	1,858	7,938,507	6,379,606	14,318,113	1,858

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 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 Treasury is budgeting towards a departmental breakeven operating result for 2009-10.

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

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	111,787	117,591	113,090	109,602	109,522
Supplier	44,616	50,271	38,693	32,129	31,803
Grants	1,805	1,805	1,805	1,805	1,805
Depreciation and amortisation	4,355	8,130	9,435	9,398	9,398
Finance costs	135	135	135	135	135
Total expenses	162,698	177,932	163,158	153,069	152,663
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	9,644	9,547	9,204	9,369	9,478
Other revenue	824	823	824	824	824
Total revenue	10,468	10,370	10,028	10,193	10,302
Gains					
Other gains	350	351	351	351	351
Total gains	350	351	351	351	351
Total own-source income	10,818	10,721	10,379	10,544	10,653
Net cost of (contribution by) services	151,880	167,211	152,779	142,525	142,010
Appropriation revenue	148,680	167,211	152,779	142,525	142,010
Surplus (deficit) attributable to the Australian Government	(3,200)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,270	2,270	2,270	2,270	2,270
Trade and other Receivables	63,898	65,423	69,332	72,268	75,204
Total financial assets	66,168	67,693	71,602	74,538	77,474
Non-financial assets					
Land and buildings	11,366	10,816	10,266	9,716	9,166
Infrastructure, plant and equipment	8,120	9,290	10,486	9,719	10,952
Intangibles	32,107	42,685	39,066	37,447	33,828
Other	1,490	1,539	1,589	1,589	1,589
Total non-financial assets	53,083	64,330	61,407	58,471	55,535
Total assets	119,251	132,023	133,009	133,009	133,009
LIABILITIES					
Interest bearing liabilities					
Leases	890	890	890	890	890
Total interest bearing liabilities	890	890	890	890	890
Provisions					
Employees	40,250	41,063	41,928	41,928	41,928
Total provisions	40,250	41,063	41,928	41,928	41,928
Payables					
Suppliers	2,832	2,876	2,921	2,921	2,921
Other	4,169	4,243	4,319	4,319	4,319
Total payables	7,001	7,119	7,240	7,240	7,240
Total liabilities	48,141	49,072	50,058	50,058	50,058
Net assets	71,110	82,951	82,951	82,951	82,951
EQUITY					
Parent entity interest					
Contributed equity	34,243	46,084	46,084	46,084	46,084
Reserves	5,276	5,276	5,276	5,276	5,276
Retained surpluses or accumulated deficits	31,591	31,591	31,591	31,591	31,591
Total parent entity interest	71,110	82,951	82,951	82,951	82,951
Current assets	67,658	69,232	73,191	76,127	79,063
Non-current assets	51,593	62,791	59,818	56,882	53,946
Current liabilities	38,320	38,858	39,436	39,011	38,569
Non-current liabilities	9,821	10,214	10,622	11,047	11,489

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	9,584	9,485	9,141	9,369	9,478
Appropriations	158,418	169,325	153,842	139,589	139,074
Other	792	790	790	824	824
Total cash received	168,794	179,600	163,773	149,782	149,376
Cash used					
Employees	106,925	117,469	112,936	110,308	109,522
Suppliers	43,582	52,704	42,435	31,072	31,452
Grants	1,805	1,805	1,805	1,805	1,805
Borrowing costs	135	135	135	135	135
Total cash used	152,447	172,113	157,311	143,320	142,914
Net cash from or (used by) operating activities	16,347	7,487	6,462	6,462	6,462
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	37,651	19,328	6,462	6,462	6,462
Total cash used	37,651	19,328	6,462	6,462	6,462
Net cash from or (used by) investing activities	(37,651)	(19,328)	(6,462)	(6,462)	(6,462)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	21,304	11,841	-	-	-
Total cash received	21,304	11,841	-	-	-
Net cash from or (used by) financing activities	21,304	11,841	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	2,270	2,270	2,270	2,270	2,270
Cash at the end of the reporting period	2,270	2,270	2,270	2,270	2,270

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	31,591	5,276	-	34,243	71,110
Adjusted opening balance	31,591	5,276	-	34,243	71,110
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	11,841	11,841
Sub-total transactions with owners	-	-	-	11,841	11,841
Estimated closing balance as at 30 June 2010	31,591	5,276	-	46,084	82,951

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	21,304	11,841	-	-	-
Previous year's outputs	-	1,800	-	-	-
Total capital appropriations	21,304	13,641	-	-	-
Represented by:					
Purchase of non-financial assets	21,304	11,841	-	-	-
Other	-	1,800	-	-	-
Total represented by	21,304	13,641	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	21,304	11,841	-	-	-
Funded internally from Departmental resources	16,347	7,487	6,462	6,462	6,462
TOTAL	37,651	19,328	6,462	6,462	6,462

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements — Departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	17,989	16,809	35,609	70,407
<i>less</i> Accumulated depreciation/ amortisation	6,623	8,689	3,502	18,814
Opening net book balance	11,366	8,120	32,107	51,593
Asset movements				
Additions	500	4,000	14,828	19,328
<i>less</i> Depreciation/amortisation expense	1,050	2,830	4,250	8,130
Total asset movements	1,550	6,830	19,078	27,458
As at 30 June 2010				
Gross book value	18,489	20,809	50,437	89,735
<i>less</i> Accumulated depreciation/ amortisation	7,673	11,519	7,752	26,944
Closing net book balance	10,816	9,290	42,685	62,791

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	1,121,400	1,877,500	1,810,200	1,637,000	1,370,438
Interest	3,696	31,269	89,211	118,211	89,269
Dividends	1,403,000	4,943,000	1,157,000	1,212,000	1,128,000
Other sources of non-taxation revenues	37,735	222,495	28,100	8,100	2,500
Total non-taxation	2,565,831	7,074,264	3,084,511	2,975,311	2,590,207
Total income administered on behalf of Government	2,565,831	7,074,264	3,084,511	2,975,311	2,590,207
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	52,569,203	78,210,706	75,917,380	76,573,191	80,199,564
Interest	14,245	4,466	4,466	4,466	4,466
Other	1,000	1,000	1,000	1,000	1,000
Foreign exchange losses	137,780	4,601	-	-	-
Total expenses administered on behalf of Government	52,722,228	78,220,773	75,922,846	76,578,657	80,205,030

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	10,213	10,213	10,213	10,213	10,213
Advances and loans	-	998,000	1,998,000	1,998,000	1,000,000
Receivables	92,015	850,715	95,015	67,515	45,615
Investments	18,982,126	18,984,126	19,048,126	19,112,126	19,176,126
Total financial assets	19,084,354	20,843,054	21,151,354	21,187,854	20,231,954
Total assets administered on behalf of Government	19,084,354	20,843,054	21,151,354	21,187,854	20,231,954
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	6,111,175	6,115,776	6,154,176	6,192,576	6,230,976
Total interest bearing liabilities	6,111,175	6,115,776	6,154,176	6,192,576	6,230,976
Provisions					
Suppliers	179	179	179	179	179
Other provisions	734	734	734	734	734
Total provisions	913	913	913	913	913
Payables					
Other payables	63,666	44,656	38,906	38,906	38,906
Total payables	63,666	44,656	38,906	38,906	38,906
Total liabilities administered on behalf of Government	6,175,754	6,161,345	6,193,995	6,232,395	6,270,795

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	1,030,200	1,868,600	1,815,900	1,664,500	1,392,338
Interest	3,752	31,269	89,211	118,211	89,269
Dividends	1,403,000	4,193,000	1,907,000	1,212,000	1,128,000
Other	39,316	222,695	28,100	8,100	2,500
Total cash received	2,476,268	6,315,564	3,840,211	3,002,811	2,612,107
Cash used					
Grant payments	56,375,415	88,637,251	85,432,802	84,647,261	88,800,102
Interest paid	17,440	4,466	4,466	4,466	4,466
Other	81,742	20,010	6,750	1,000	1,000
Total cash used	56,474,597	88,661,727	85,444,018	84,652,727	88,805,568
Net cash from or (used by) operating activities	(53,998,329)	(82,346,163)	(81,603,807)	(81,649,916)	(86,193,461)
INVESTING ACTIVITIES					
Cash received					
Advances and loans	-	-	-	-	998,000
Total cash received	-	-	-	-	998,000
Cash used					
Purchase of equity instruments	3,151	2,000	25,600	25,600	25,600
Advances and loans	-	998,000	1,000,000	-	-
Total cash used	3,151	1,000,000	1,025,600	25,600	25,600
Net cash from or (used by) investing activities	(3,151)	(1,000,000)	(1,025,600)	(25,600)	972,400
FINANCING ACTIVITIES					
Cash used					
Other	416,271	-	-	-	-
Total cash used	416,271	-	-	-	-
Net cash from or (used by) financing activities	(416,271)	-	-	-	-
Net increase or (decrease) in cash held					
cash held	(54,417,751)	(83,346,163)	(82,629,407)	(81,675,516)	(85,221,061)
Cash at beginning of reporting period	10,213	10,213	10,213	10,213	10,213
Cash from Official Public Account					
- appropriations	56,894,433	89,661,727	86,469,618	84,678,327	88,831,168
Cash to Official Public Account	2,476,682	6,315,564	3,840,211	3,002,811	3,610,107
Cash at end of reporting period	10,213	10,213	10,213	10,213	10,213

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Administered assets and liabilities	83,893	19,010	5,750	-	-
Special appropriations	416,271	1,000,000	1,025,600	25,600	25,600
Total capital appropriations	500,164	1,019,010	1,031,350	25,600	25,600
Represented by:					
Other	500,164	1,019,010	1,031,350	25,600	25,600
Total represented by	500,164	1,019,010	1,031,350	25,600	25,600

Prepared on Australian Accounting Standards basis.

3.2.11: Schedule of Asset Movements — Administered

The Treasury does not have any asset movements associated with infrastructure, plant and equipment, intangibles or non-financial assets.

3.2.4 Notes to the financial statements

The Treasury's budgeted statements are prepared on an accrual basis in accordance with:

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

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

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

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

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources	69
1.1 Strategic direction	69
1.2 Agency resource statement	72
1.3 Budget measures.....	73
1.3 Budget measures.....	73
1.4 Transition from outcomes and outputs to outcomes and programs	74
Section 2: Outcomes and planned performance	75
2.1 Outcomes and performance information	75
Section 3: Explanatory tables and budgeted financial statements	79
3.1 Explanatory tables	79
3.2 Budgeted financial statements	80

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

The ABS's legislated functions include:

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

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

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

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

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

The ABS will also be paying particular attention to ensuring the sustainability of its operations by developing better ways for organising its work including how best to secure its future workforce.

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

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

technology (for example, for enhancing the usefulness of spatial information from several sources);

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

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and departmental classification.

Table 1.1: Australian Bureau of Statistics resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year ⁺ amounts available in 2009-10 \$'000	Proposed at Budget ⁼ 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	20,859 ³	-	20,859	-
Departmental appropriation	-	321,906 ¹	321,906	283,757
Receipts from other sources (s31)	-	21,737 ²	21,737	29,014
Total ordinary annual services A	20,859	343,643	364,502	312,771
Other services				
Departmental non-operating				
Equity injections	-	-	-	5,365
Total other services B	-	-	-	5,365
Total available annual appropriations (A+B)	20,859	343,643	364,502	318,136
Special accounts				
Opening balance ⁴	109	-	109	-
Total special account C	109	-	109	-
Total net resourcing for the ABS (A+B+C)	20,968	343,643	364,611	318,136

1. Appropriation Bill (No. 1) 2009-10.

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

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

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 the ABS are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Australian Bureau of Statistics 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures						
Australian Bureau of Statistics - Census field staff funding	1.1	-	-	12,300	67,200	-
Australian Bureau of Statistics - statistical capacity	1.1	-	15,000	15,000	15,000	15,000
Council of Australian Governments' decision - Commonwealth investment in closing Indigenous data gaps	1.1	-	nfp	nfp	nfp	nfp
Council of Australian Governments' decision - implementing the Council of Australian Governments' federal financial framework - expanded roles	1.1	-	4,431	2,819	4,222	2,128
Secure and sustainable pensions - Pensioner and Beneficiary Living Cost Index	1.1	-	9,302	4,367	3,502	980
Total expense measures		-	28,733	34,486	89,924	18,108
Related capital						
Council of Australian Governments' decision - Commonwealth investment in closing Indigenous data gaps	1.1	-	nfp	nfp	nfp	nfp
Council of Australian Governments' decision - implementing the Council of Australian Governments' federal financial framework - expanded roles	1.1	-	368	253	-	-
Secure and sustainable pensions - Pensioner and Beneficiary Living Cost Index	1.1	-	183	69	70	-
Total related capital		-	551	322	70	-
Total measures		-	29,284	34,808	89,994	18,108

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the ABS's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: Informed decision making, research and discussion within governments and the community based on the provision of a high quality, objective and responsive national statistical service	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
Output Group 1.1: Australian Bureau of Statistics	Program 1.1: Australian Bureau of Statistics
Departmental Outputs: Output 1.1.1 Economic Statistics Output 1.1.2 Population and social	Departmental Items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

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

Outcome 1 strategy

Key strategies for 2009-10 to 2011-12 are set out in the ABS Forward Work Program. The major initiatives that will contribute to this outcome over this period include:

- build and maintain a sustainable resource base to support the ABS's core work program;
- actively build relationships and target specific areas to progress the National Statistical Service;
- determine the next generation of statistical requirements and information management infrastructure requirements;
- develop a set of scenarios with regard to the organisation of the work of the ABS including work-design, organisational design, how best to secure the future work-force and the implications of supporting an expanded NSS; and
- influence the development and implementation of statistical standards and frameworks within Australia and across the world.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for the ABS.

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Australian Bureau of Statistics		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	283,757	321,906
Revenues from independent sources (section 31)	29,013	22,220
Expenses funded by prior years' departmental carried forward	15,167	-
Total expenses for Outcome 1	327,937	344,126
	2008-09	2009-10
Average staffing level (number)	2,579	2,685

Contributions to Outcome 1

Program 1.1 Australian Bureau of Statistics

Program objective

The ABS has the following objectives:

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

Program expenses

The increase in expenses for 2009-10 and 2010-11 are predominately due to new budget measures as outlined in Table 1.2.

The increase in expenses for 2011-12 is due to the 2011 Census cyclical funding.

Table 2.2 Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	327,937	344,126	402,410	574,973	352,903
Total departmental expenses	327,937	344,126	402,410	574,973	352,903

Program deliverables

The ABS deliverables are:

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

Program key performance indicators

The ABS key performance indicators are:

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

Australian Bureau of Statistics Budget Statements

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ABS does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	109	-	-	-	109
		109	-	-	-	109
Services for other Governments and Non-Agency Bodies Account	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts						
2009-10 Budget estimate		109	-	-	-	109
Total special accounts 2008-09 estimated actual		109	-	-	-	109

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 2009-10 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

Budgeted departmental income statement

Changes to the 2009-10 budgeted departmental income statement (Table 3.2.1) since the 2008-09 Portfolio Additional Estimates Statements predominantly relate to Budget measures as outlined in Table 1.2.

There has also been an additional impact from the removal of the ABS contribution to Standard Business Reporting (SBR) and the savings associated with the Government's review of information technology (Gershon review).

The remaining moves in appropriation in 2009-10 reflect changes in activity relating to the Census program. The increase in the forward estimates is due to the build-up of 2011 Census activities.

Goods and services revenue in 2009-10 and the forward years is expected to remain relatively stable.

Budgeted departmental balance sheet

The main change in the 2009-10 budgeted departmental balance sheet (Table 3.2.2) relates to contributed equity due to the return of unspent capital injection funding as a result of the removal of the ABS contribution to SBR and the return of funds relating to the Gershon review, offset by Budget measures as outlined in Table 1.2.

Loan

The ABS received a loan to partially fund the fitout of the ABS's new national office accommodation. This will be fully repaid during 2010-11.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	218,899	217,816	253,724	407,188	230,843
Supplier	71,483	96,998	115,638	130,158	84,848
Depreciation and amortisation	29,542	28,881	32,703	37,151	36,712
Finance costs	261	167	65	-	-
Other	452	264	280	476	500
Assets and fair value losses	7,300	-	-	-	-
Total expenses	327,937	344,126	402,410	574,973	352,903
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	28,793	22,000	22,000	22,000	22,000
Total revenue	28,793	22,000	22,000	22,000	22,000
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	29,013	22,220	22,220	22,220	22,220
Net cost of (contribution by) services	298,924	321,906	380,190	552,753	330,683
Appropriation revenue	283,757	321,906	380,190	552,753	330,683
Surplus (deficit) attributable to the Australian Government	(15,167)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,128	5,133	5,138	5,138	5,138
Trade and other Receivables	24,892	18,622	8,154	13,628	26,338
Accrued revenues	673	556	541	541	834
Total financial assets	30,693	24,311	13,833	19,307	32,310
Non-financial assets					
Infrastructure, plant and equipment	48,490	43,519	47,237	45,561	38,041
Inventories	38	48	73	73	73
Intangibles	84,054	93,732	101,364	103,662	102,407
Other non-financial assets	7,169	9,168	9,491	6,511	8,494
Total non-financial assets	139,751	146,467	158,165	155,807	149,015
Total assets	170,444	170,778	171,998	175,114	181,325
LIABILITIES					
Interest bearing liabilities					
Loans	3,308	1,699	-	-	-
Leases	24,967	23,256	20,923	17,932	17,932
Total interest bearing liabilities	28,275	24,955	20,923	17,932	17,932
Provisions					
Employees	75,467	78,782	83,483	92,373	97,110
Other	2,567	2,595	2,374	2,422	3,062
Total provisions	78,034	81,377	85,857	94,795	100,172
Payables					
Suppliers	4,344	3,588	3,494	3,494	5,383
Other	4,738	5,934	7,373	5,519	5,508
Total payables	9,082	9,522	10,867	9,013	10,891
Total liabilities	115,391	115,854	117,647	121,740	128,995
Net assets	55,053	54,924	54,351	53,374	52,330
EQUITY					
Contributed equity	23,207	23,078	22,505	21,530	20,485
Reserves	18,243	18,243	18,243	18,243	18,243
Retained surpluses or accumulated deficits	13,603	13,603	13,603	13,601	13,602
Total equity	55,053	54,924	54,351	53,374	52,330
Current assets	31,799	30,553	30,771	31,328	32,440
Non-current assets	145,945	140,225	141,227	143,786	148,885
Current liabilities	80,044	85,612	86,937	89,962	95,323
Non-current liabilities	28,275	30,242	30,710	31,778	33,672

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	29,014	21,737	21,972	22,000	22,885
Appropriations	282,999	331,317	390,481	547,300	318,977
Net GST received	7,420	8,945	9,951	9,479	-
Other cash received	(427)	114	23	-	(293)
Total cash received	319,006	362,113	422,427	578,779	341,569
Cash used					
Employees	220,452	220,206	252,774	403,908	226,106
Suppliers	66,990	97,516	112,592	126,247	86,081
Borrowing costs	261	167	65	-	-
Net GST paid	7,603	9,251	9,780	9,500	-
Other cash used	452	263	280	476	500
Total cash used	295,758	327,403	375,491	540,131	312,687
Net cash from or (used by) operating activities	23,248	34,710	46,936	38,648	28,882
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	26,186	33,067	44,759	37,773	27,937
Total cash used	26,186	33,067	44,759	37,773	27,937
Net cash from or (used by) investing activities	(26,086)	(32,967)	(44,659)	(37,673)	(27,837)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,673	(129)	(573)	(975)	(1,045)
Total cash received	2,673	(129)	(573)	(975)	(1,045)
Cash used					
Repayments of debt	1,513	1,609	1,699	-	-
Total cash used	1,513	1,609	1,699	-	-
Net cash from or (used by) financing activities	1,160	(1,738)	(2,272)	(975)	(1,045)
Net increase or (decrease) in cash held	(1,678)	5	5	-	-
Cash at the beginning of the reporting period	6,806	5,128	5,133	5,138	5,138
Cash at the end of the reporting period	5,128	5,133	5,138	5,138	5,138

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	13,603	18,243	-	23,207	55,053
Adjusted opening balance	13,603	18,243	-	23,207	55,053
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)	-	-	-	(129)	(129)
Subtotal transactions with owners	-	-	-	(129)	(129)
Estimated closing balance as at 30 June 2010	13,603	18,243	-	23,078	54,924

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	2,673	-	(573)	(975)	(1,045)
Total capital appropriations	2,673	-	(573)	(975)	(1,045)
Represented by:					
Purchase of non-financial assets	2,673	-	(573)	(975)	(1,045)
Total represented by	2,673	-	(573)	(975)	(1,045)
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	2,673	6,316	1,217	(975)	(1,045)
Funded internally from departmental resources	26,825	33,687	44,626	37,748	28,982
TOTAL	29,498	40,003	45,843	36,773	27,937

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental (2009-10)

	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	69,735	185,306	255,041
less Accumulated depreciation/amortisation	21,245	101,252	122,497
Opening net book balance	48,490	84,054	132,544
Asset movements			
Additions	6,423	27,165	33,588
less Depreciation/amortisation expense	11,394	17,487	28,881
Total asset movements	(4,971)	9,678	4,707
As at 30 June 2010			
Gross book value	76,158	212,471	288,629
less Accumulated depreciation/amortisation	32,639	118,739	151,378
Closing net book balance	43,519	93,732	137,251

Notes to the financial statements

Basis of accounting

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

Budgeted departmental financial statements

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

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

Budgeted departmental income statement

Revenues

Appropriations

The ABS is appropriated from government for its program.

Goods and 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

This category includes resources received free of charge.

Expenses

Employees

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).

Other

This category includes prepayments.

Interest bearing liabilities

Loans

The ABS received a loan of \$13.2 million in 2001-02. This loan was used to partially fund the fitout of the ABS's new national office accommodation. Loan repayments will be made over a ten-year period and are being met by the ABS from within its ongoing operational funding levels.

Other

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

Section 1: Agency overview and resources	91
1.1 Strategic direction	91
1.2 Agency resource statement	93
1.3 Budget measures	94
1.4 Transition from outcomes and outputs to outcomes and programs	95
Section 2: Outcomes and planned performance	96
2.1 Outcomes and performance information	96
Section 3: Explanatory tables and budgeted financial statements	103
3.1 Explanatory tables	103
3.2 Budgeted financial statements	104

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Competition and Consumer Commission (ACCC) is an independent statutory authority which administers the *Trade Practices Act 1974* (TPA) and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

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

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

Significant new measures affecting the ACCC arise from the Council of Australian Governments (COAG) commitment to a reform process that will provide a uniform and higher level of protection for Australian consumers. The ACCC will have a pivotal role implementing the new national consumer law which will be based on the existing consumer protection provisions of the TPA and will include new provisions regulating unfair contract terms, new enforcement powers and remedies for consumers, and where generally agreed, changes to current provisions of the TPA based on best practice within the states and territories.

Within these new measures will be a national product safety regulatory and enforcement framework. Reforms will result in consistent enforcement by multiple regulators, an increased ability to identify hazards, a single point of information provision, a new mandatory reporting system and improved product recall system. An Inter-Governmental agreement and Memoranda of Understanding will be developed supporting a range of legislative and operational or procedural changes before July 2010.

Another major measure impacting on consumers and business is a new mandatory unit pricing code of conduct for 'non-fresh' grocery items. The code will require certain grocers to display price information by reference to units of weight or other applicable measure. The ACCC's role is to enforce the code and educate consumers and the grocery industry about their rights and obligations. Consumer information and

industry compliance material is to be delivered by July 2009 with timely responses to consumer inquiries and complaints, and appropriate enforcement action as necessary upon commencement of the code.

The ACCC's roles under the *Water Act 2007* are augmented through amendments to the Act. The new responsibilities involve regulating (1) charges levied by irrigation infrastructure operators and water planning and management service providers in the Murray-Darling Basin or accrediting state agencies to undertake the function; (2) bulk water and irrigation infrastructure operators outside the Murray-Darling Basin if the states choose to refer those functions to the Commonwealth; and (3) all relevant entities and transactions including those that fall outside the scope of the Commonwealth's powers.

The ACCC has new functions arising from reforms to wheat export marketing as allowed for in the *Wheat Export Marketing Act 2008*. Under the new provisions the ACCC will assess, pursuant to Part IIIA of the TPA, access arrangements covering 19 ports around Australia. Exporters are to be accredited by Wheat Exports Australia and this process involves exporters being subject to an 'access test' performed by the ACCC. Access undertaking applications are expected from four wheat exporters for assessment by October 2009.

The Government has committed to creating a company jointly owned by the Commonwealth and the private sector to invest up to \$43 billion over 8 years to build the national broadband network. The ACCC will have a key role in the consultative processes on the regulatory regime for the national broadband network as well as on necessary changes to the existing telecommunications regulatory regime through the provision of advice on competition and pricing issues. The ACCC will prepare for any new telecommunications regulatory functions arising from the national broadband network that the government may give it during 2009-10.

Subject to the enactment of legislation, the TPA will provide for criminal sanctions for price fixing and market sharing (cartel conduct). This, along with other foreshadowed amendments to the TPA, will strengthen the objectives of the Act to achieve compliance with competition laws.

Reforms to gas and electricity market regulation continue. The transfer from the states to the AER of regulation of electricity distribution networks, gas distribution pipelines and some retail functions is scheduled to be completed by January 2010. The AER work program in 2010 will include the review of around twelve electricity and gas distribution network businesses.

Challenges impacting on the ACCC's outcome, going forward, arise from the broader environment, specifically the global financial situation. In performing its role, the ACCC is alert to market conduct arising from business reaction to the financial crisis that may impact adversely on competition and consumers; specifically areas for the ACCC's attention are mergers and creeping acquisitions, unconscionable conduct,

franchising opportunities, misleading and deceptive conduct, harassment and coercion, and cartel conduct. The ACCC's regulatory role will continue to reflect the view that competition provides the best incentive for firms and institutions to become more efficient, innovative and flexible.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	24,619 ⁴	-	24,619	-
Departmental appropriation	-	137,165 ¹	137,165	130,231
Receipts from other sources (s31)	-	500 ³	500	500
Total ordinary annual services	A 24,619	137,665	162,284	130,731
Other services				
Departmental non-operating				
Equity injections	26,795	61 ²	26,856	5,943
Previous years' outputs	1,999	2,324	4,323	1,999
Total other services	B 28,794	2,385	31,179	7,942
Total available annual appropriations (A+B)	53,413	140,050	193,463	138,673
Special accounts				
Opening balance ⁵	52	-	-	52
Total special account	C 52	-	-	52
Total net resourcing for ACCC (A+B+C)	53,465	140,050	193,463	138,725

1. Appropriation Bill (No. 1) 2009-10.

2. Appropriation Bill (No. 2) 2009-10.

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

4. Estimated adjusted balance carried from previous year for Annual Appropriations.

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

Third Party Payments from and on behalf of other agencies

	2009-10 \$'000	2008-09 \$'000
Payments made on behalf of the National Competition Council (NCC)	2,825	2,781

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

1.3 BUDGET MEASURES

Budget measures relating to ACCC are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Agency 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures						
COAG decision - Australian Competition and Consumer Commission - implementing a system of national product safety regulation	1.1	1,400	4,506	5,531	6,210	6,931
Grocery mandatory unit pricing	1.1	-	1,090	1,076	-	-
Water for the Future - reallocation of Driving Reform in the Murray-Darling Basin funds	1.1	-	1,679	1,692	-	-
Wheat export marketing - access arrangements	1.1	924	559	-	-	-
Total expense measures		2,324	7,834	8,299	6,210	6,931
Related capital						
COAG decision - Australian Competition and Consumer Commission - implementing a system of national product safety regulation	1.1	-	61	40	55	60
Total related capital		-	61	40	55	60

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the ACCC's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	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
Output Group 1.1: Australian Competition and Consumer Commission	Program 1: Australian Competition and Consumer Commission
Administered revenue: Departmental outputs: Output 1.1.1 Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed Output 1.1.2 Competitive market structures and informed behaviour	Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

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

Outcome 1 Strategy

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

- promote vigorous, lawful competition and informed markets;
- encourage fair trading, protection of consumers and product safety; and
- regulate national infrastructure services (such as communications, bulk water, energy, rail, airports, post and wheat exports) and other markets where there is limited competition.

The intended results and target groups of the ACCC program are:

- detect, pursue and stop anti-competitive conduct including cartels, and misuse of market power;
- prompt delivery of authorisation and notification decisions, particularly in the field of small business collective bargaining arrangements;
- assess mergers promptly and efficiently, taking effective action to prevent substantial competition concerns arising from mergers across all industries;
- identify and focus effectively on national and cross-border (including international) consumer protection issues;

Australian Competition and Consumer Commission Budget Statements

- pursue and achieve appropriate remedies for false and deceptive conduct, particularly if widespread detriment results;
- trading conditions between big and small firms are fair;
- promote product safety through identification and regulation of emerging hazards, active engagement in recalls, and the enforcement of standards and bans;
- support and protect competition in markets that rely on networks with natural monopoly characteristics;
- provide consistent and independent regulation of the energy sector encouraging competition within and between the gas and electricity markets to benefit industry and consumers;
- regulate and advise on industries where market structures are changing, including where the market structure impedes effective competition (for example, water, transport and communications); and
- monitor prices to assess and advise on the effect of market conditions (including deregulation) on the price levels of specified goods and services, including groceries, petrol, stevedores, and a range of airport prices, including car parking.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	130,231	137,165
Revenues from independent sources (section 31)	500	500
Expenses not requiring appropriation in the Budget year	75	75
Previous years' outputs	2,324	-
Expenses funded by prior years departmental carried forward	2,600	-
Total expenses for Outcome 1	135,730	137,740
	2008-09	2009-10
Average staffing level (number)	695	723

Contributions to Outcome 1

Program: Australian Competition and Consumer Commission

Program objectives

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

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

The ACCC and AER regulate markets where competition is less effective, for example communications, transport (ACCC) and energy markets (AER and ACCC).

Program expenses

There are no significant changes to estimate across the forward years

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-011 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental Items	135,730	137,740	137,203	134,658	136,697
Total departmental expenses	135,730	137,740	137,203	134,658	136,697

Program deliverables

From promoting vigorous, lawful competition and informed markets (TPA Parts IV, VII, XIA) and encouraging fair trading, protection of consumers and product safety (TPA IVA, IVB, V, VA, VC, *Trade Marks Act 1995* and *Copyright Act 1968*), the ACCC has the following deliverables:

- unlawful conduct pursued;
- effective and appropriate remedies achieved;
- outcomes from an expected 20 court cases (for competition, fair trading and consumer protection);
- outcomes from an expected 40 court enforceable undertakings (predominately for consumer protection conduct that has or is likely to breach the TPA);

Australian Competition and Consumer Commission Budget Statements

- mergers assessed within statutory and organisational timelines, and in accordance with published guidelines;
- all public merger decisions published on the ACCC website;
- authorisation and notification decisions are made within statutory and organisational timeframes (assessment of validity within 5 days, authorisation within 6 months, majority of notifications within 4 weeks); timely communication of decisions;
- collective bargaining notification processes are within statutory timeframes (assessment of validity within 5 days, initial assessment within 14) and timely communication of decisions;
- reach and timeliness of publicity, liaison and education activities undertaken – 1.1 million publications; 250 media releases;
- mandatory codes of conduct enforced; consumers and the grocery industry educated on the mandatory unit pricing code of conduct for ‘non-fresh’ grocery items;
- parliamentary inquiries and government agencies assisted to develop policies and processes;
- complaint and inquiry telephone calls, correspondence and emails responded to within organisational guidelines (serve an estimated 100,000 complaints/inquiries within 7 – 28 days (depending on the nature of the complaint or inquiry));
- websites (www.accc.gov.au, www.recalls.gov.au and www.scamwatch.gov.au) accessible and a source of relevant and up to date information;
- targeted conduct campaigns where the need is indicated; and
- government product safety reform agenda implemented (one-stop shop internet site; hazard based assessment scheme based on an information clearing house; review of recall effectiveness).

From regulating national infrastructure services and other markets where there is limited competition (TPA Parts IIIA, VIIA, X, XIB, XIC; *National Gas Law 2008*, *National Gas Rules*, *National Electricity Law 2005*, *National Electricity Rules*, *Airports Act 1996*, *Broadcasting Services Act 1992*, *Radiocommunications Act 1992*, *Telecommunications Act 1997*, *Telecommunications (Consumer Protection and Service Standards) Act 1999*, *Water Act 2007*, *Wheat Export Marketing Act 2008*), the ACCC has the following deliverables:

Australian Competition and Consumer Commission Budget Statements

- complied with statutory reporting requirements – 3 annual reports delivered to the Minister for Broadband, Communications and the Digital Economy; one 6 monthly report; two quarterly reports;
- implemented reasonable terms and conditions of access in arbitral determinations – estimated 38 disputes under the telecommunications access regime;
- reviewed declarations of declared services within statutory timeframes – estimated 6 declarations reviewed under telecommunications access regime;
- assisted the Australian Competition Tribunal and Courts in review of any appealed ACCC regulatory decisions – potentially 1 Tribunal appeal and 38 judicable reviews under the telecommunications access regime;
- parliamentary inquiries and government agencies assisted to develop policies and processes;
- effectiveness of access regimes evidenced by price levels and service delivery standards;
- businesses using monopoly services pay prices that more closely reflect efficient costs;
- regulatory reports, determinations, and issues papers are timely and accessible;
- robustness and accuracy of methodology evidenced by industry acceptance; and
- websites (www.accc.gov.au and www.aer.gov.au) accessible and a source of relevant and up to date information.

Program key performance indicators

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, the ACCC has the following key performance indicators:

- actions (investigations, litigation, communication) taken to prevent and stop anti-competitive conduct;
- actions (investigations, litigation, communication) taken to prevent and stop misleading, deceptive and unconscionable conduct especially when it causes widespread consumer detriment or raises national issues;
- actions (investigations, litigation, communication) taken to prevent non-compliance with mandatory codes of conduct, including the mandatory unit pricing code of conduct;

Australian Competition and Consumer Commission Budget Statements

- actions taken to promote product safety: identification and regulation of emerging hazards, active management in recalls, and the enforcement (investigation, litigation, communication) of standards and bans;
- government's product safety reform agenda implemented;
- support the ability of small business to trade with larger firms in a fair, yet competitive environment;
- immediate information is provided to thousands of callers each week; publications are distributed through print and the web, and special programs reach small, isolated or disadvantaged groups;
- campaigns are conducted that target industries and sectors where the risk of failure to comply with the TPA is high;
- competition effects of mergers, acquisitions or asset sales are assessed; and
- certain anti-competitive practices in industries and professions are authorised when it is assessed that the public benefits exceed detriments.

To regulate markets where competition is less effective, for example communications, transport (ACCC) and energy markets (AER and ACCC), the ACCC has the following key performance indicators:

- competition is facilitated and encouraged in markets that depend on access to monopoly services so that the benefits of utility regulation are spread throughout the Australian economy;
- access terms, conditions and prices are established that balance the interests of infrastructure owners, users and the broader public;
- incentives are provided that stimulate efficient investment in and use of services with natural monopoly characteristic;
- regulatory processes that support efficient resource allocation including investment in the regulated businesses are predictable and consistent;
- monitor and advise the government and public on prices to assess the effect of market conditions on the price levels of specified goods and services; and
- the outcomes of access arbitrations, arrangements and undertakings, monitoring activities and inquiry findings are publicised.

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 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ACCC does not have any 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* (FMA Act) or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ACCC.

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	52	-	-	-	52
		52	-	-	-	52
Services for other Governments and Non-Agency Bodies Account	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts						
2009-10 Budget estimate		52	-	-	-	52
Total special accounts 2008-09 estimated actual		52	-	-	-	52

3.1.3 Australian Government Indigenous Expenditure

The ACCC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements contain estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, as well as specific guidelines issued by the Department of Finance and Deregulation. The statements show the planned financial performance for the 2009-10 budget year and estimated actual for 2008-09 for comparative purposes.

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of the ACCC's budgeted financial statements as reflected in the budgeted departmental financial statements and administered schedules for 2009-10 is provided below.

Departmental

Comprehensive Income Statement

The ACCC is budgeting for a break even result for 2009-10. The estimated actual operating result for 2008-09 is an approved loss of \$2.6 million.

Operating revenues

Total revenue for 2009-10 is estimated to be \$137.7 million, an increase of \$4.6 million from the 2008-09 estimated actual. The increase is primarily as a result of the net increase in funding for the 2009-10 Budget measures (\$7.8 million) (details are provided in Table 1.2) and from Cartel Conduct Enforcement as disclosed in the 2008-09 Portfolio Additional Estimates Statements.

Operating expenses

Total expenses in 2009-10 are estimated to be \$137.7 million. This is an increase of \$2.0 million from the 2008-09 estimated actual. The increase is primarily due 2009-10 Budget measures (\$7.8 million) (details are provided in Table 1.2) and the full year impact of the approved loss of \$2.6 million for the discounted interest changes on the LSL provisions, and the part return of the Cartel Conduct Enforcement funding of \$4 million as disclosed in the 2008-09 Portfolio Additional Estimates Statements.

Balance Sheet

The ACCC's budgeted net asset position of \$39.7 million represents no increase from the 2008-09 estimated actual.

The total assets are expected to remain at \$76.6 million.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$18.7 million.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	74,545	75,539	76,419	75,561	76,599
Supplier	57,670	58,758	57,319	55,629	56,629
Depreciation and amortisation	3,515	3,443	3,465	3,468	3,469
Total expenses	135,730	137,740	137,203	134,658	136,697
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	500	500	500	500	500
Total revenue	500	500	500	500	500
Gains					
Other gains	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	575	575	575	575	575
Net cost of (contribution by)					
services	135,155	137,165	136,628	134,083	136,122
Appropriation revenue	132,555	137,165	136,628	134,083	136,122
Surplus (Deficit) attributable to the Australian Government	(2,600)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,168	1,168	1,168	1,168	1,168
Trade and other receivables	56,607	56,607	56,607	56,607	56,607
Total financial assets	57,775	57,775	57,775	57,775	57,775
Non-financial assets					
Land and buildings	9,482	8,239	8,239	8,239	8,239
Infrastructure, plant and equipment	6,924	8,167	8,167	8,167	8,167
Inventories	42	42	42	42	42
Intangibles	1,342	1,403	1,443	1,498	1,558
Other	1,007	1,007	1,007	1,007	1,007
Total non-financial assets	18,797	18,858	18,898	18,953	19,013
Total assets	76,572	76,633	76,673	76,728	76,788
LIABILITIES					
Provisions					
Employees	18,716	18,716	18,716	18,716	18,716
Other	9,151	9,151	9,151	9,151	9,151
Total provisions	27,867	27,867	27,867	27,867	27,867
Payables					
Suppliers	6,322	6,322	6,322	6,322	6,322
Other	2,702	2,702	2,702	2,702	2,702
Total payables	9,024	9,024	9,024	9,024	9,024
Total liabilities	36,891	36,891	36,891	36,891	36,891
Net assets	39,681	39,742	39,782	39,837	39,897
EQUITY					
Contributed equity	40,041	40,102	40,142	40,197	40,257
Reserves	1,321	1,321	1,321	1,321	1,321
Retained surpluses or accumulated deficits	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)
Total equity	39,681	39,742	39,782	39,837	39,897
Current assets	58,278	58,278	58,278	58,278	58,278
Non-current assets	18,294	18,355	18,395	18,450	18,510
Current liabilities	9,024	9,024	9,024	9,024	9,024
Non-current liabilities	27,867	27,867	27,867	27,867	27,867

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	500	500	500	500	500
Appropriations	132,555	137,165	136,628	134,083	136,122
Other	-	-	-	-	-
Total cash received	133,055	137,665	137,128	134,583	136,622
Cash used					
Employees	71,870	75,464	76,419	75,561	76,599
Suppliers	57,670	58,758	57,244	55,554	56,554
Other	-	-	-	-	-
Total cash used	129,540	134,222	133,663	131,115	133,153
Net cash from or (used by) operating activities	3,515	3,443	3,465	3,468	3,469
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	4,458	3,504	3,505	3,523	3,529
Total cash used	4,458	3,504	3,505	3,523	3,529
Net cash from or (used by) investing activities	(4,458)	(3,504)	(3,505)	(3,523)	(3,529)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	943	61	40	55	60
Total cash received	943	61	40	55	60
Net cash from or (used by) financing activities	943	61	40	55	60
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,168	1,168	1,168	1,168	1,168
Cash at the end of the reporting period	1,168	1,168	1,168	1,168	1,168

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	(1,681)	1,321	-	40,041	39,681
Opening balance	(1,681)	1,321	-	40,041	39,681
Transactions with owners					
<i>Contribution by owners</i>					
appropriation (equity injection)	-	-	-	61	61
Subtotal transactions with owners	-	-	-	61	61
Estimated closing balance as at 30 June 2010	(1,681)	1,321	-	40,102	39,742

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	5,943	61	40	55	60
Previous years' outputs	1,999	2,324	-	-	-
Total capital appropriations	7,942	2,385	40	55	60
Represented by:					
Purchase of non-financial assets	943	61	40	55	60
Other	6,999	2,324	-	-	-
Total represented by	7,942	2,385	40	55	60
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	943	61	40	55	60
Funded internally from departmental resources	3,515	3,443	3,465	3,468	3,469
TOTAL	4,458	3,504	3,505	3,523	3,529

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Other non-financial assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009					
Gross book value	12,282	11,692	3,207	1,049	28,230
less Accumulated depreciation/amortisation	2,800	4,768	1,865	-	9,433
Opening net book balance	9,482	6,924	1,342	1,049	18,797
Asset movements					
Additions	800	2,643	61	-	3,504
less Depreciation/amortisation expense	2,043	1,400	-	-	3,443
Total asset movements	(1,243)	1,243	61	-	61
As at 30 June 2010					
Gross book value	13,082	14,335	3,268	1,049	31,734
less Accumulated depreciation/amortisation	4,843	6,168	1,865	-	12,876
Closing net book balance	8,239	8,167	1,403	1,049	18,858

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Fees and fines	45,000	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	45,000	10,000	10,000	10,000	10,000

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	151	151	151	151	151
Receivables	5,988	5,988	5,988	5,988	5,988
Total assets administered on behalf of Government	6,139	6,139	6,139	6,139	6,139

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	45,000	10,000	10,000	10,000	10,000
Total cash received	45,000	10,000	10,000	10,000	10,000
Cash used					
Other	45,000	10,000	10,000	10,000	10,000
Total cash used	45,000	10,000	10,000	10,000	10,000
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	151	151	151	151	151
Cash at end of reporting period	151	151	151	151	151

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Accounting policy

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

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

Departmental and administered items

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

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

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

Departmental revenue

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

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

Departmental expenses — employees

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

Departmental expenses — suppliers

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

Departmental expenses — depreciation and amortisation

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

Departmental assets — financial assets

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

Departmental assets — non-financial assets

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

Departmental liabilities — provisions and payables

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

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

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources	115
1.1 Strategic direction	115
1.2 Agency resource statement	116
1.3 Budget measures.....	117
1.4 Transition from outcomes and outputs to outcomes and programs	118
Section 2: Outcomes and planned performance	119
2.1 Outcomes and performance information	119
Section 3: Explanatory tables and budgeted financial statements	123
3.1 Explanatory tables	123
3.2 Budgeted financial statements	124

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Office of Financial Management (AOFM) is responsible for the management of Australian Government debt and financial assets. It issues Treasury Bonds and Treasury Notes, manages the Government's cash balances and invests in high quality financial assets including residential mortgage-backed debt securities, term deposits and money market instruments.

For some years the Government continued to issue Treasury Bonds in order to maintain active markets in them and in Bond futures, reflecting the important role that these markets play in the Australian financial system, rather than to fund the Budget.

Since February 2009 debt issuance has been required to fund the Budget. The volume of Treasury Bonds to be issued has increased, and the issuance of Treasury Notes has recommenced to assist within-year financing. The possible use of other financial instruments such as Treasury Indexed Bonds is also being considered.

The debt issuance task has become more demanding, as it is now competing with increased volumes of debt issued by other sovereigns and with government-guaranteed debt.

To assist in the efficient placement of debt the Government has provided the AOFM with additional resources of \$19.2 million over four years. These resources will be used to increase operational capacity, meet additional transaction costs, and to promote bond sales with investors.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior ⁺ year amounts available in 2009-10 \$'000	Proposed at Budget ⁼ 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	14,703 ³	-	14,703	-
Departmental appropriation	-	12,638 ¹	12,638	8,467
Receipts from other sources (s31)	-	828 ²	828	994
Total	14,703	13,466	28,169	9,461
Administered expenses				
Outcome 1	-	10 ¹	10	10
Total ordinary annual services	A 14,703	13,476	28,179	9,471
Other services				
Departmental non-operating				
Equity injections	949	-	949	-
Total other services	B 949	-	949	-
Total available annual appropriations (A+B)	15,652	13,476	29,128	9,471
Special appropriations expenses				
<i>Commonwealth Inscribed Stock Act 1911</i>	-	6,263,300	6,263,300	3,936,769
<i>Loans Securities Act 1919</i>	-	162,100	162,100	891,200
<i>Snowy Hydro Corporatisation Act 1997</i>	-	-	-	165
Subtotal	-	6,425,400	6,425,400	4,828,134
Special appropriations capital				
<i>Commonwealth Inscribed Stock Act 1911</i>	-	155,609,000	155,609,000	7,142,610
<i>Financial Management and Accountability Act 1997</i>	-	218,045,000	218,045,000	359,452,700
<i>Snowy Hydro Corporatisation Act 1997</i>	-	-	-	4,000
Subtotal	-	373,654,000	373,654,000	366,599,310
Total special appropriations	C -	380,079,400	380,079,400	371,427,444
Total appropriations excluding special accounts	15,652	380,092,876	380,108,528	371,436,915

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)

	Estimate of prior year amounts available in 2009-10 \$'000	+	Proposed at Budget 2009-10 \$'000	=	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Special accounts						
Opening balance ⁴	447		-		447	-
Appropriation receipts	-		-		-	-
Non-appropriation receipts to special accounts	-		-		-	-
Total special account	D 447		-		447	-
Total net resourcing for the AOFM (A+B+C+D)	16,099		380,092,876		380,108,975	371,436,915

1. Appropriation Bill (No. 1) 2009-10.
2. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.
3. Estimated adjusted balance carried forward from previous year for annual appropriations.
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 the AOFM are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Agency 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures						
Australian Office of Financial Management - additional funding	1.1	-	4,067	4,597	5,024	5,478
Total expense measures		-	4,067	4,597	5,024	5,478

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	Outcome 1: To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time
Output Group 1.1: Australian Office of Financial Management	Program 1.1: Australian Office of Financial Management
Departmental outputs: Output 1.1.1 Debt management Administered items: Annual Appropriation Bills Special appropriations: <i>Commonwealth Inscribed Stock Act 1911</i> <i>Financial Management and Accountability Act 1997</i> <i>Loans Securities Act 1919</i> <i>Snowy Hydro Corporatisation Act 1997</i>	Departmental items: Program support Administered items: Annual Appropriation Bills Special appropriations: <i>Commonwealth Inscribed Stock Act 1911</i> <i>Financial Management and Accountability Act 1997</i> <i>Loans Securities Act 1919</i> <i>Snowy Hydro Corporatisation Act 1997</i>

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Government requires agencies to measure their intended and actual performance by outcomes and to identify the programs which will contribute to these outcomes over the Budget and forward years. Outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community.

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

Outcome 1: To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time

Outcome 1 Strategy

The AOFM's strategy is to advance macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government. The AOFM's activities include debt issuance, cash management, investment, portfolio management, compliance, financial reporting, debt administration, promotional activities with investors, monitoring of market conditions and liaison with market participants.

Increased volumes of debt will be required to meet Government funding needs over the Budget and forward years.

The within-year cash management task results from mismatches in the timing of receipts and payments in the Official Public Account. Management in the Budget and forward years will require the issue of Treasury Notes and making short term investments in term deposits with the Reserve Bank of Australia and in money market instruments.

In October 2008 the Government directed the AOFM to invest up to \$8 billion in residential mortgage-backed debt securities to support competition in the Australian residential mortgage market. The AOFM has participated along with other investors in issues of these securities and will continue to do so up to the limit of the funds allocated by the Government.

The AOFM's portfolio includes fixed interest assets that resulted from the investment of the proceeds of additional Treasury Bond issuance (undertaken in 2008-09 to

maintain liquidity in the Treasury Bond market) and domestic interest rate swaps executed to manage the cost and risk of the portfolio. These instruments are being allowed to mature or, as opportunities arise, liquidated prior to maturity.

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. This governance framework ensures that activities and financial risks are managed in a tightly controlled manner.

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

Outcome 1: To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	2008-09 Estimated actual resources \$'000	2009-10 Estimated resources \$'000
Program 1.1: Australian Office of Financial Management		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	8,467	12,638
Revenues from independent sources (section 31)	994	828
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations:		
<i>Commonwealth Inscribed Stock Act 1911</i>	3,936,769	6,263,300
<i>Loans Securities Act 1919</i>	891,200	162,100
<i>Snowy Hydro Corporatisation Act 1997</i>	165	-
Administered capital		
Special appropriations:		
<i>Commonwealth Inscribed Stock Act 1911</i>	7,142,610	155,609,000
<i>Financial Management and Accountability Act 1997</i>	359,452,700	218,045,000
<i>Snowy Hydro Corporatisation Act 1997</i>	4,000	-
Total resources for Outcome 1	371,436,915	380,092,876
	2008-09	2009-10
Average staffing level (number)	31	43

Contributions to Outcome 1

Program 1.1 Australian Office of Financial Management

Program objective

Achievement of the Government's financing task in a cost-effective manner, subject to acceptable risk and support the efficiency of Treasury Bond, Treasury Bond futures and residential mortgage-backed debt securities markets.

Program expenses

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

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	8,314	13,727	14,313	14,822	15,428
Total departmental expenses	8,314	13,727	14,313	14,822	15,428

Note: Administered expenses are shown in Table 3.2.7.

Program deliverables

The AOFM has the following deliverables:

- issue Treasury Bonds, Treasury Capital Indexed Bonds and Treasury Notes;
- invest in residential mortgage-backed debt securities;
- liquidation of interest rate swaps and investments as opportunities arise; and
- management of the Official Public Account balance.

Program key performance indicators

The AOFM has the following key performance indicators:

- debt issuance – volume and efficiency of issuance;
 - monitoring issue yields against secondary market yields;
 - monitoring the range of accepted bids; and
 - monitoring the times covered ratio;

Australian Office of Financial Management Budget Statements

- 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
 - using the overdraft facility with the Reserve Bank of Australia to cover unexpected events only;
- promote investors' take up of Treasury Bonds, Treasury Capital Indexed Bonds and Treasury Notes;
 - conducting road shows to major investors and intermediaries;
- investment in residential mortgage-backed debt securities;
 - monitoring the volume of investment undertaken, the extent of participation by other investors and the quality of the securities issued;
- liquidation of legacy holdings of financial assets and domestic interest rate swaps;
 - reducing the volume of holdings and the monitoring the returns obtained; and
- operating within legal and policy limits;
 - operating at all times within legislative and delegated limits of authority.

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 2009-10. 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

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 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Debt Retirement Reserve Trust	1	447	-	-	-	447
Account		447	-	-	-	447
Total special accounts						
2009-10 Budget estimate		447	-	-	-	447
Total special accounts						
2008-09 estimated actual		447	-	-	-	447

Until July 1990, the Australian Government borrowed on behalf of the State and Territory Governments and allocated a portion of its Treasury Bond raisings to those governments to fund the redemption of previous allocations of bond raisings. Until 1986, the Australian Government also borrowed on behalf of State and 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 the State and Territory allocated debt 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.

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 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 exclude the estimated value of these services.

Administered

The AOFM receives administered appropriations for expenses and capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the agency resource statement. The administered financial statements identify expenses in the schedule of budgeted income and expenses and capital expenditures in the financing section of the schedule of budgeted cash flows.

3.2.2 Analysis of budgeted financial statements

Departmental

The budget and forward estimates provide an increase in the AOFM's resourcing levels to increase operational capacity, meet additional transaction costs and conduct promotional activities to intermediaries and final investors.

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. This expenditure will be met from unspent appropriations carried forward from previous financial years.

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, debt servicing costs will also rise significantly.

Assets administered on behalf of the Government include investments in securities issued by State and Territory governments and investments in residential mortgage-backed debt securities made in accordance with the Government's policy to support competition in lending for housing. They also include investments in short term assets held as part of the AOFM's management of the Government's cash balances. These holdings of short term assets are typically at a relatively high level each June within the annual cash balance cycle.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	4,309	6,321	6,811	7,195	7,590
Suppliers	3,645	6,956	7,052	6,977	7,188
Depreciation and amortisation	360	450	450	650	650
Total expenses	8,314	13,727	14,313	14,822	15,428
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	1,256	1,089	1,089	1,089	1,089
Total own-source income	1,256	1,089	1,089	1,089	1,089
Net cost of (contribution by) services	7,058	12,638	13,224	13,733	14,339
Appropriation revenue	8,467	12,638	13,224	13,733	14,339
Surplus/(deficit) attributable to the Australian Government	1,409	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,608	1,779	2,477	1,468	1,898
Trade and other receivables ¹	14,454	14,454	14,454	13,354	13,354
Total financial assets	16,062	16,233	16,931	14,822	15,252
Non-financial assets					
Infrastructure, plant and equipment	520	770	520	270	20
Intangibles	658	458	258	2,858	2,958
Other	41	40	40	40	40
Total non-financial assets	1,219	1,268	818	3,168	3,018
Total assets	17,281	17,501	17,749	17,990	18,270
LIABILITIES					
Provisions					
Employees	1,250	1,470	1,718	1,959	2,239
Other	120	120	120	120	120
Total provisions	1,370	1,590	1,838	2,079	2,359
Payables					
Suppliers	100	100	100	100	100
Total payables	100	100	100	100	100
Total liabilities	1,470	1,690	1,938	2,179	2,459
Net assets	15,811	15,811	15,811	15,811	15,811
EQUITY					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Retained surpluses	12,388	12,388	12,388	12,388	12,388
Total equity	15,811	15,811	15,811	15,811	15,811
Current assets	2,059	2,229	4,027	1,918	2,348
Non-current assets	15,222	15,272	13,722	16,072	15,922
Current liabilities	1,100	1,276	1,474	1,667	1,891
Non-current liabilities	370	414	464	512	568

1. Includes undrawn appropriations of \$14.044 million for 2008-09 to 2010-11 and \$12.944 million from 2011-12 and onwards.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	994	828	828	828	828
Appropriations	8,467	12,638	13,224	14,833	14,339
Total cash received	9,461	13,466	14,052	15,661	15,167
Cash used					
Employees	4,128	6,100	6,564	6,954	7,310
Suppliers	3,384	6,695	6,790	6,716	6,927
Total cash used	7,512	12,795	13,354	13,670	14,237
Net cash from or (used by) operating activities	1,949	671	698	1,991	930
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	500	500	-	3,000	500
Total cash used	500	500	-	3,000	500
Net cash from or (used by) investing activities	(500)	(500)	-	(3,000)	(500)
Net increase or (decrease) in cash held	1,449	171	698	(1,009)	430
Cash at the beginning of the reporting period	159	1,608	1,779	2,477	1,468
Cash at the end of the reporting period	1,608	1,779	2,477	1,468	1,898

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained surpluses	Asset revaluation reserve	Other reserves	Contributed equity	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	12,388	-	-	3,423	15,811
Adjusted opening balance	12,388	-	-	3,423	15,811
Estimated closing balance as at 30 June 2010	12,388	-	-	3,423	15,811

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	500	500	-	3,000	500
Total represented by	500	500	-	3,000	500
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	500	500	-	3,000	500
TOTAL	500	500	-	3,000	500

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	1,486	3,341	4,827
<i>less</i> Accumulated depreciation/amortisation	966	2,683	3,649
Opening net book balance	520	658	1,178
Asset movements			
Additions	500	-	500
<i>less</i> Depreciation/amortisation expense	250	200	450
As at 30 June 2010			
Gross book value	1,986	3,341	5,327
<i>less</i> Accumulated depreciation/amortisation	1,216	2,883	4,099
Closing net book balance	770	458	1,228

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	2,360,769	1,582,658	1,316,418	1,212,337	1,187,634
Other	836,300	-	-	-	-
Total revenues before re-measurements	3,197,069	1,582,658	1,316,418	1,212,337	1,187,634
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest and other financing costs	4,828,144	6,425,410	8,423,710	10,704,510	12,530,137
Total expenses before re-measurements	4,828,144	6,425,410	8,423,710	10,704,510	12,530,137
Operating result before re-measurements	(1,631,075)	(4,842,752)	(7,107,292)	(9,492,173)	(11,342,503)
Re-measurements					
Net market valuation gains/(losses)	(3,244,725)	146,600	(55,900)	(372,200)	(447,100)
Total re-measurements	(3,244,725)	146,600	(55,900)	(372,200)	(447,100)
Net income	(4,875,800)	(4,696,152)	(7,163,192)	(9,864,373)	(11,789,603)

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	3,080,475	2,855,341	2,713,537	2,606,192	2,495,927
Investments (s39 FMA Act)	32,431,000	32,331,000	25,193,100	23,704,100	21,858,000
Total assets administered on behalf of Government	35,512,097	35,186,963	27,907,259	26,310,914	24,354,549
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government Securities	111,891,300	169,928,800	222,506,400	273,335,600	300,831,500
Total liabilities administered on behalf of Government	111,891,300	169,928,800	222,506,400	273,335,600	300,831,500

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	2,668,738	1,624,877	1,348,097	1,219,210	1,194,323
Total cash received	2,668,738	1,624,877	1,348,097	1,219,210	1,194,323
Cash used					
Interest paid	5,049,775	6,458,810	10,155,010	11,920,310	13,873,710
Total cash used	5,049,775	6,458,810	10,155,010	11,920,310	13,873,710
Net cash from or (used by) operating activities	(2,381,037)	(4,833,933)	(8,806,913)	(10,701,100)	(12,679,387)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	91,260	93,515	95,725	97,872	100,249
Net cash from or (used by) investing activities	91,260	93,515	95,725	97,872	100,249
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	55,863,500	213,930,600	293,453,300	279,752,600	260,833,600
Investment redemptions	356,188,300	218,130,300	214,102,200	240,880,700	272,624,700
Other	836,300	-	-	-	-
Total cash received	412,888,100	432,060,900	507,555,500	520,633,300	533,458,300
Cash used					
Repayments of borrowings	7,146,610	155,609,000	239,154,200	228,051,900	232,398,500
Investments	359,452,700	218,045,000	206,996,000	239,417,000	270,818,000
Total cash used	366,599,310	373,654,000	446,150,200	467,468,900	503,216,500
Net cash from or (used by) financing activities	46,288,790	58,406,900	61,405,300	53,164,400	30,241,800
Net increase or (decrease) in cash held	43,999,013	53,666,482	52,694,112	42,561,172	17,662,662
Cash at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for:					
- appropriations	372,060,485	380,852,410	457,293,810	480,235,210	517,760,410
Cash to Official Public Account for:					
- receipts	(416,059,498)	(434,518,892)	(509,987,922)	(522,796,382)	(535,423,072)
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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Special appropriations	366,599,310	373,654,000	446,150,200	467,468,900	503,216,500
Total capital appropriations	366,599,310	373,654,000	446,150,200	467,468,900	503,216,500
Represented by:					
Repayments of borrowings and purchase of investments	366,599,310	373,654,000	446,150,200	467,468,900	503,216,500
Total represented by	366,599,310	373,654,000	446,150,200	467,468,900	503,216,500

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

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

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

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

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation is adjusted for wage cost indexation less an efficiency dividend.

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;
- make future asset replacements; and
- repay liabilities.

Administered schedule of budgeted income and expenses

Non-taxation revenue — interest

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
Interest revenue					
Interest on housing agreements	166,358	162,258	158,018	153,637	149,123
Interest on swaps	865,600	348,200	177,300	93,900	76,411
Interest from investments	1,328,811	1,072,200	981,100	964,800	962,100
Total interest revenue	2,360,769	1,582,658	1,316,418	1,212,337	1,187,634

Expenses — interest and financing costs

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
Interest and other financing costs					
Interest on Commonwealth Government Securities	3,937,944	6,264,310	8,339,710	10,658,910	12,492,910
Interest on swaps	890,200	161,100	84,000	45,600	37,227
Total interest and other financing costs	4,828,144	6,425,410	8,423,710	10,704,510	12,530,137

Net market valuation gains/(losses)

Net market valuation gains/ (losses) represent the estimated unrealised fair value gains or losses on the portfolio. This 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 — receivables

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
Receivables					
Loans to State and Northern Territory Governments ¹	2,767,283	2,695,149	2,620,645	2,543,800	2,464,351
Swaps ²	313,192	160,192	92,892	62,392	31,576
Total receivables	3,080,475	2,855,341	2,713,537	2,606,192	2,495,927

1. at amortised cost.

2. at fair value.

Financial assets — investments

The AOFM manages the cash balances in the Official Public Account and invests surplus funds in deposits and discount 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.

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources	139
1.1 Strategic direction	139
1.2 Agency resource statement	141
1.3 Budget measures.....	142
1.4 Transition from outcomes and outputs to outcomes and programs	143
Section 2: Outcomes and planned performance	144
2.1 Outcomes and performance information	144
Section 3: Explanatory tables and budgeted financial statements	147
3.1 Explanatory tables	147
3.2 Budgeted financial statements	148

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

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

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

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

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

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

In 2009-10, APRA's main strategic objectives are to:

- conduct effective, ongoing supervision of all APRA-regulated institutions in accordance with a consistent APRA-wide supervisory approach;
- consolidate the prudential framework by enhancing prudential standards where appropriate, in line with the global reform initiatives endorsed by the G-20 and overseen by the Financial Stability Board;
- enhance the efficiency and effectiveness of APRA's supervisory tools and systems through better integration of tools, greater analytical support for its risk-rating systems, and 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 2008-09 have been conducted against a background of prolonged turbulence in global credit and equity markets, and a pronounced contraction in global economic activity. This difficult environment is expected to continue through 2009-10. The Australian financial system remains well positioned to withstand the impact of these developments, however, it has been affected by substantial increases in spreads on wholesale funding and slowing economic activity that will put pressure on asset quality and profitability of APRA-regulated institutions. APRA has stepped up its supervisory intensity, particularly in its dealings with ADIs. It has been closely monitoring the liquidity position of the larger ADIs and reviewing their funding plans; it has also been monitoring trends in ADI asset quality and capital adequacy. In addition, APRA has been analysing the impact of equity market declines on the insurance and superannuation industries.

APRA will maintain its heightened oversight of liquidity, risk management and capital while the global financial crisis persists. In addition, APRA's resources will be committed in 2009-10 to reviewing and, where appropriate, enhancing its prudential requirements as part of a coordinated international regulatory response to the crisis, as agreed by the G-20 in their April 2009 Declaration, *Strengthening the Financial System*.

1.2 AGENCY RESOURCE STATEMENT

The total appropriation and other resources for APRA in the 2009-10 Budget is \$129.4 million.

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	=	Total estimate 2009-10 \$'000	Estimated available appropriation 2008-09 \$'000
Ordinary annual services					
Departmental appropriation					
Departmental appropriation	-	23,055	¹	23,055	13,372
Receipts from other sources (s31)	-	-		-	2,545
Total ordinary annual services	A	23,055		23,055	15,917
Departmental non-operating					
Equity injections	-	1,957	²	1,957	1,865
Previous years' outputs	-	773	²	773	
Total departmental non-operating		2,730		2,730	1,865
Administered non-operating					
Administered assets and liabilities	-	3,000		3,000	500
Total other services	B	5,730		5,730	2,365
Total available annual appropriations (A+B)		28,785		28,785	18,282
Special accounts					
Opening balance ³	28,547	-		28,547	-
Appropriation receipts	-	-		-	-
Non-Appropriation receipts to special accounts	-	100,657		100,657	107,237
Total special accounts	C	100,657		129,204	107,237
Total net resourcing for APRA (A+B+C)		129,442		157,989	125,519

1. Appropriation Bill (No. 1) 2009-10.

2. Appropriation Bill (No. 2) 2009-10.

3. 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 Australian Prudential Regulation Authority are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Australian Prudential Regulation Authority 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measure						
Australian Prudential Regulation Authority - continuation of the National Claims and Policies Database						
	1.1	-	1,347	730	723	715
Related revenue						
Australian Prudential Regulation Authority - continuation of the National Claims and Policies Database						
	1.1	-	1,347	730	723	715

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to APRA's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: To enhance 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: 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
Output Group 1.1: Australian Prudential Regulation Authority	Program 1.1: Australian Prudential Regulation Authority
Departmental outputs: Output 1.1.1 Policy development Output 1.1.2 Surveillance programs Output 1.1.3 Prudential Advice Administered Items: Special appropriation <i>Financial Management and Accountability Act 1997</i>	Departmental item: Program support Administered items: Special appropriation <i>Financial Management and Accountability Act 1997</i>

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

APRA's outcome is described below specifying the strategy, program, objective, deliverables and 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted Expenses and Resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Australian Prudential Regulation Authority		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	13,372	23,055
Prior years' outputs	773	-
Revenues from Independent sources (section 31)	2,545	-
Special accounts	107,087	100,507
Expenses not requiring appropriation in the Budget year less Revenue carried forward	150 (16,077)	150 (2,600)
Administered expenses		
Special appropriations	2,000	3,000
Total expenses for Outcome 1	109,850	124,112
	2008-09	2009-10
Average staffing level (number)	583	604

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 which balances financial safety and efficiency, competition, contestability and competitive neutrality.

Program expenses

Program expenses are currently estimated to peak in 2009-10 mainly due to APRA's more intense supervisory and regulatory activities during the global financial crisis.

The forward estimates are reducing due to ceasing funding associated with the global financial crisis. APRA's baseline activities will continue to be funded by industry levies (via the special account).

Higher administered expenses in 2009-10 anticipate an increased amount of levy waiver and write-off requests, reflecting continued financial sector consolidation as a result of the global financial crisis.

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items:	107,850	121,112	111,379	111,316	104,257
Administered expenses:					
Special Appropriations					
<i>Financial Management & Accountability Act 1997</i>	2,000	3,000	3,000	3,000	3,000
Total expenses	109,850	124,112	114,379	114,316	107,257

Program deliverables

APRA has the following program deliverables:

- the issuance of prudential standards and guidelines to assist regulated industries manage risk;
- active surveillance of regulated industries aimed at maintaining financial loss by depositors, policyholders and superannuation fund members which may result from the failure of regulated institutions 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 of the Government on matters emerging in international forums which may impact on prudential policy.

Program key performance indicators

APRA has the following key performance indicators:

- timely issuance of prudential standards and guidelines which address risk management exposures of regulated institutions;
- identification of emerging prudential risks within regulated institutions through programs of inspection 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 participation in international fora.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of APRA's finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, and Special Accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance	Receipts Non- Appropriated	Receipts Appropriated	Payments	Closing balance
	Outcome	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09	2009-10 2008-09
		\$'000	\$'000	\$'000	\$'000	\$'000
Australian Prudential Regulation Authority Special Account	1	28,547 31,347	100,657 107,057	25,438 -	(124,996) (109,857)	29,646 28,547
Lloyds Deposit Trust Special Account	1	2,000 2,000	180 180	(180) (180)	(180) (180)	2,000 2,000
Total special accounts		30,547	100,837	25,258	(125,176)	31,646
2009-10 Budget estimate		30,547	100,837	25,258	(125,176)	31,646
Total special accounts 2008-09 estimated actual		33,347	107,237	(180)	(110,037)	30,547

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 the resource information presented in the Budget Papers and Portfolio Budget Statements and APRA's financial statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

In addition, APRA is not a party to related entity transactions that would result in significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements and APRA's financial statements.

3.2.2 Analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.2.1) shows a net increase in appropriation revenue from \$101.6 million forecast for 2008-09 to \$118.5 million in 2009-10. The increase mainly reflects:

- \$9.5 million additional funding provided in the 2008-09 Additional Estimates to strengthen APRA's capacity to manage issues associated with the global financial crisis;
- \$1.8 million funding related to the Standard Business Reporting (SBR);
- \$2.5 million to account for the under-collection of 2008-09 industry levies; and
- \$1.4 million for the continued maintenance of the National Claims and Policies Database (NCPD).

Budgeted own-source revenue of \$5.2 million is in line with collections forecast for 2008-09.

Employee expenses of \$82.2 million (compared to the 2008-09 forecast of \$75.0 million) take into account an increase in APRA's average staffing level (ASL) from 583 to 604 (to manage issues arising from the global financial crisis) and revaluation of staff entitlement provisions (resulting from a reduction in long-term interest rates).

Supplier costs will increase from \$29.1 million forecast in 2008-09 to \$34.9 million in 2009-10; the increase includes the non employee-related costs associated with APRA's more intense activities during the global financial crisis, SBR and NCPD maintenance.

APRA is budgeting for an operating surplus of \$2.6 million in 2009-10, the counterpart of the recovery of \$2.5 million in under-collected industry levies in 2008-09.

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

Continued investment in core supervisory and corporate infrastructure, coupled with investment in SBR, will see non-financial asset balances increase to \$17.7 million in 2009-10 and beyond.

Contributed equity will increase over 2009-10, reflecting the remaining Government equity injection of \$2.0 million for SBR.

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

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

Table 3.2.4 shows the expected changes in equity between 2008-09 and 2009-10. The main items of change across this period will be the recovery of under-collected 2008-09 industry levies and the equity injection related to SBR.

The departmental capital budget statement (Table 3.2.5) indicates APRA's capital requirements will be predominantly met by internally generated resources. The expected movements in non-financial asset values between 2008-09 and 2009-10 are shown in Table 3.2.6.

The schedule of budgeted income and expenses administered on behalf of government (Table 3.2.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*. In addition to the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office for unclaimed moneys and lost member functions and the Australian Securities and Investments Commission for consumer protection and market integrity functions. The expenses shown are an estimate of the amount of levies and penalties that will be waived or written off in the year.

Table 3.2.8 refers to minor amounts of the administered income that may not be collected at the year end.

As indicated in the schedule of budgeted administered cash flows (Table 3.2.9), the cash collected is swept daily from the APRA account to the Official Public Account, from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as

per Table 3.2.1). The residual is retained in the OPA to meet Treasurer's Determinations for the ATO and ASIC.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	75,041	82,206	78,596	78,596	69,596
Supplier	29,061	34,906	28,783	28,720	30,261
Depreciation and amortisation	3,748	4,000	4,000	4,000	4,400
Total expenses	107,850	121,112	111,379	111,316	104,257
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,802	3,400	3,400	3,400	3,400
Other revenue	1,128	1,660	1,660	1,660	1,660
Total revenue	4,930	5,060	5,060	5,060	5,060
Gains					
Other	150	150	150	150	150
Total gains	150	150	150	150	150
Total own-source income	5,080	5,210	5,210	5,210	5,210
Net cost of (contribution by) services	102,770	115,902	106,169	106,106	99,047
Appropriation revenue	101,622	118,502	106,245	106,106	99,047
Surplus (deficit) attributable to the Australian Government	(1,148)	2,600	76	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash	28,547	29,646	30,122	29,821	29,822
Receivables	7,177	7,545	6,777	6,866	4,682
Accrued revenues	500	450	450	450	450
Total financial assets	36,224	37,641	37,349	37,137	34,953
Non-financial assets					
Infrastructure, plant and equipment	7,262	6,965	6,365	5,864	4,878
Intangibles	5,410	9,164	9,369	10,175	11,165
Other	1,572	1,602	1,636	1,668	1,702
Total non-financial assets	14,244	17,731	17,369	17,707	17,744
Total assets	50,468	55,372	54,718	54,844	52,698
LIABILITIES					
Provisions					
Employees	20,727	20,942	20,062	20,042	17,747
Other	1,980	2,017	2,059	2,101	2,143
Total provisions	22,707	22,959	22,121	22,143	19,890
Payables					
Suppliers	5,028	5,124	5,231	5,336	5,443
Total payables	5,028	5,124	5,231	5,336	5,443
Total liabilities	27,735	28,083	27,352	27,478	25,332
Net assets	22,733	27,290	27,366	27,366	27,366
EQUITY					
Contributed equity	4,055	6,012	6,012	6,012	6,012
Reserves	9,809	9,809	9,809	9,809	9,809
Retained surpluses or accumulated deficits	8,869	11,469	11,545	11,545	11,545
Total equity	22,733	27,290	27,366	27,366	27,366
Current assets	37,796	39,243	38,984	38,806	36,655
Non-current assets	12,672	16,129	15,734	16,039	16,043
Current liabilities	22,058	22,343	21,822	21,943	20,360
Non-current liabilities	5,677	5,740	5,530	5,536	4,972

Prepared on Australian Accounting Standards basis.

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

	Actuals estimate 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,802	3,400	3,400	3,400	3,400
Appropriations	101,622	118,502	106,245	106,106	99,047
Other	1,128	1,810	1,810	1,810	1,810
Total cash received	106,552	123,712	111,455	111,316	104,257
Cash used					
Employees	75,041	82,206	78,596	78,596	69,596
Suppliers	28,911	34,906	28,783	28,720	30,261
Total cash used	103,952	117,112	107,379	107,316	99,857
Net cash from or (used by) operating activities	2,600	6,600	4,076	4,000	4,400
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	6,300	7,457	3,600	4,300	4,400
Total cash used	6,300	7,457	3,600	4,300	4,400
Net cash from or (used by) investing activities	(6,300)	(7,457)	(3,600)	(4,300)	(4,400)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	900	1,957	-	-	-
Total cash received	900	1,957	-	-	-
Net increase (or decrease) in cash held	(2,800)	1,100	476	(300)	-
Cash at the beginning of the reporting period	31,347	28,547	29,647	30,123	29,823
Cash at the end of the reporting period	28,547	29,647	30,123	29,823	29,823

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	8,869	3,809	6,000	4,055	22,733
Opening balance	8,869	3,809	6,000	4,055	22,733
Income and Expense					
Net operating result	2,600	-	-	-	2,600
Total income and expenses recognised directly in equity	2,600	-	-	-	2,600
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)				1,957	1,957
Transactions with owners	-	-	-	1,957	1,957
Estimated closing balance as at 30 June 2010	11,469	3,809	6,000	6,012	27,290

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	900	1,957	-	-	-
Total capital appropriations	900	1,957	-	-	-
Represented by:					
Purchase of non-financial assets	900	1,957	-	-	-
Total represented by:	900	1,957	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	900	1,957	-	-	-
Funded internally from departmental resources	5,400	5,500	3,600	4,300	4,400
TOTAL	6,300	7,457	3,600	4,300	4,400

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	10,881	15,740	26,621
less Accumulated depreciation/amortisation	3,619	10,330	13,949
Opening net book balance	7,262	5,410	12,672
Asset movements			
Additions	1,647	5,811	7,457
less Depreciation/amortisation expense	1,943	2,057	4,000
Total asset movements	(296)	3,754	3,457
As at 30 June 2010			
Gross book value	12,528	21,551	34,078
less Accumulated depreciation/amortisation	5,562	12,387	17,949
Closing net book balance	6,966	9,164	16,129

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	122,622	147,402	132,045	131,906	124,847
Total non-taxation	122,622	147,402	132,045	131,906	124,847
Total revenues administered on behalf of Government	122,622	147,402	132,045	131,906	124,847
Total income administered on behalf of Government	122,622	147,402	132,045	131,906	124,847
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Waivers and write-offs	2,000	3,000	3,000	3,000	3,000
Total expenses administered on behalf of Government	2,000	3,000	3,000	3,000	3,000

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)

	Actual estimate 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	150	150	150	150	150
Total financial assets	150	150	150	150	150
Total assets administered on behalf of Government	150	150	150	150	150

Prepared on Australian Accounting Standards basis.

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

	Actual estimate 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account	2,000	3,000	3,000	3,000	3,000
Administered Revenue	122,622	147,402	132,045	131,906	124,847
Total cash or equivalents received	124,622	150,402	135,045	134,906	127,847
Cash or equivalents used					
Cash to Official Public Account	122,622	147,402	132,045	131,906	124,847
Administered Expenses	2,000	3,000	3,000	3,000	3,000
Total cash or equivalents used	124,622	150,402	135,045	134,906	127,847
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 a special appropriation 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 Official Public Account to fund ASIC for consumer protection and market integrity functions, and the ATO for unclaimed moneys and lost member functions.

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 remains in balance with the capital program aimed at maintaining APRA's processes and infrastructure to 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 represents 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 and ASIC and cash from fees and charges.

Schedule of budgeted revenues and expenses administered on behalf of Government

Revenues

The other 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 Official Public Account to fund ASIC and ATO activities described above.

Write down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of Government

Financial assets

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

Schedule of budgeted administered cash flows

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

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources	161
1.1 Strategic direction	161
1.2 Agency resource statement.....	163
1.3 Budget measures.....	165
1.4 Transition from outcomes and outputs to outcomes and programs	165
Section 2: Outcomes and planned performance	167
2.1 Outcomes and performance information	167
Section 3: Explanatory tables and budgeted financial statements	177
3.1 Explanatory tables	177
3.2 Budgeted financial statements	179

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

Australian Securities and Investments Commission — primary functions and responsibilities

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

ASIC's objectives, as set out in ASIC Act 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), and corporations and their auditors and liquidators.

ASIC also operates a major public register function that provides information about Australia's 1.6 million companies, financial services licensees and other professionals registered with ASIC.

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

In 2009-10 ASIC will take over the responsibility for regulating consumer credit from the State governments.

ASIC expects to have an average staffing level of 1,980 in 2009-10 with offices in all States and Territories.

ASIC strategic review

During 2008 ASIC undertook a major strategic review, covering all aspects of its responsibilities and functions, its structures, capabilities and culture, and establishing ASIC's strategic objectives and plans for the next three to five years. ASIC's new structure became operational from 1 September 2008.

Key changes included:

- an additional investment in market research and analysis;
- the appointment of an experienced External Advisory Panel drawn from a variety of sectors of the economy. The Panel will provide high-level business input on market developments, potential systemic issues and the forward agenda;
- the creation of 20 outwardly-focused stakeholder and deterrence teams covering the financial economy, to work on market and stakeholder outcomes for their specific industries;
- devoting additional resources to the supervision of brokers, intermediaries, operators of exchange-traded products and exchange-traded markets;
- flexible resourcing and project-based approach to suit our changing needs and respond to new issues;
- a better balance between national and regional initiatives; and
- an increase in the size of the Commission.

ASIC's priorities for 2009-10

ASIC will focus on the following priorities:

- Financial economy priorities:
 - building confidence in the integrity of Australia's capital markets;
 - assisting and protecting retail investors and consumers in the financial economy;
 - facilitating international capital flows and international enforcement; and
 - continuing to manage the domestic and international implications of the global financial turmoil; and
- Real economy priorities:
 - lifting operational effectiveness and service levels for all ASIC stakeholders; and
 - using new technologies to improve services and reduce costs.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior ⁺ year amounts available in 2009-10 \$'000	Proposed at Budget ⁼ 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	77,109 ⁴	-	77,109	-
Departmental appropriation	-	344,776 ¹	344,776	310,126
Receipts from other sources (s31)	-	5,788 ³	5,788	8,287
Total	77,109	350,564	427,673	318,413
Administered expenses				
Outcome 1 - Assetless Administration fund	-	3,441 ¹	3,441	3,424
Total	-	3,441	3,441	3,424
Total ordinary annual services	A 77,109	354,005	431,114	321,837
Other services				
Departmental non-operating				
Equity injections	-	9,015 ²	9,015	20,595
Total other services	B -	9,015	9,015	20,595
Total available annual appropriations (A+B)	77,109	363,020	440,129	342,432
Special appropriations				
<i>Banking Act 1959</i>	-	23,077	23,077	25,015
<i>Life Insurance Act 1995</i>	-	3,390	3,390	4,047
Total special appropriations	C -	26,467	26,467	29,062
Total appropriations excluding special accounts (A+B+C)	77,109	389,487	466,596	371,494
Special accounts				
Opening balance ⁵	38,576	-	38,576	-
Appropriation receipts	-	30,000	30,000	30,000
Non-Appropriation receipts to special accounts	-	51,000	51,000	49,601
Total special account	D 38,576	81,000	119,576	79,601
Total resourcing (A+B+C+D)	115,685	470,487	586,172	451,095
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	115,685	440,487	556,172	421,095

1. Appropriation Bill (No. 1) 2009-10.

2. Appropriation Bill (No. 2) 2009-10.

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

4. Estimated adjusted balance carried from previous year for Annual Appropriations.

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

Note: As per Section 1.4, in transitioning to the program framework in 2009-10, ASIC will have two outcomes as compared to one in 2008-09. Figure 2 illustrates the comparison between the two years.

1.3 BUDGET MEASURES

Budget measures relating to Australian Securities and Investments Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Australian Securities and Investments Commission 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Revenue measures						
Annual indexation of ASIC fees	2.2	-	-	14,280	27,803	42,241
Expense measures						
Australian Securities and Investments Commission - enhanced monitoring and enforcement capabilities						
	1.2	-	15,448	15,666	15,910	16,142
Global recession - additional funding						
	1.2 & 2.1	-	-	18,721	-	-
Strategic compliance - continuing to address the abuse of tax havens						
	1.2	-	-	800	700	400
Total expense measures		-	15,448	35,187	16,610	16,542

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to ASIC's outcome statements under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget year

Outcome 1: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers

Output Group 1.1: Australian Securities and Investments Commission	
Administered items:	
Assetless Administration Fund Special appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys	P 1.2
Special appropriation - <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	P 2.2
Departmental outputs:	
Output 1.1.1 Policy and guidance about the laws administered by ASIC	P 1.1
Output 1.1.2 Comprehensive and accurate information on companies and corporate activity	P 2.1
Output 1.1.3 Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	P 1.1 & P 2.1
Output 1.1.4 Enforcement activity to give effect to the laws administered by ASIC	P 1.2

2009-10 Budget year

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Program 1.1: Research, policy, compliance, education and information initiatives	
Departmental items:	
Program support	OG 1.1

Program 1.2: Enforcement / deterrence	
Administered items:	
Assetless Administration Fund	OG 1.1
Departmental items:	
Program support	OG 1.1

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Program 2.1: Legal infrastructure for companies and financial services providers	
Departmental items:	
Program support	OG 1.1

Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special accounts	
Administered items:	
Special appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys	OG 1.1
Special appropriation - <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	OG 1.1
Special accounts	OG 1.1
Departmental items:	
Program support	OG 1.1

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

ASIC's outcomes are described below together with their related programs, specifying the strategy, objective, deliverables and key performance indicators used to assess and monitor the performance of ASIC.

Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Outcome 1 Strategy

The strategy under Outcome 1 focuses on:

- building confidence in the integrity of Australia's capital markets;
- assisting and protecting retail investors and consumers in the financial economy;
and
- continuing to manage the implications of global financial crisis.

Outcome 1 Budgeted resources

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

Table 2.1: Budgeted resources for Outcome 1

	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks		
Program 1.1: Research, policy, compliance, education and information initiatives		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	92,557	102,898
Receipts from other sources (section 31)	3,389	2,367
Equity injections	6,147	2,691
Total for Program 1.1	102,093	107,956
Program 1.2: Enforcement / deterrence		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	133,744	148,687
Receipts from other sources (section 31)	4,898	3,421
Equity injections	8,882	3,888
Administered items		
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,441
Total for Program 1.2	150,948	159,437
Outcome 1 totals by appropriation type		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	226,301	251,585
Receipts from other sources (section 31)	8,287	5,788
Equity injections	15,029	6,579
Administered items		
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,441
Total resources for Outcome 1	253,041	267,393
	2008-09	2009-10
Average staffing level (number)	1,318	1,442

Note: As per Section 1.4, in transitioning to the program framework in 2009-10, ASIC will have two outcomes as compared to one in 2008-09. Figure 2 illustrates the comparison between the two years.

Contributions to Outcome 1

Program 1.1: Research, policy, compliance, education and information initiatives

Program 1.1 objective:

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

Program 1.1 resources

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

Table 2.2: Program 1.1 resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	92,557	102,898	99,513	94,689	88,361
Receipts from other sources (s31)	3,389	2,367	2,427	3,127	3,204
Equity injections	6,147	2,691	-	-	-
Total program resources	102,093	107,956	101,940	97,816	91,565

Program 1.1 deliverables

Improving industry behaviour

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

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

Helping retail investors and consumers

Retail investor and consumer programs designed to:

- give consumers and retail investors access to clear, useful information about financial economy products and services;
- make financial advice more accessible and more reliable;
- enhance community-wide financial literacy; and
- enable consumers and retail investors to better assess the benefits and risks of decisions about financial products and services.

Program 1.1 key performance indicators

ASIC has the following key performance indicators:

- improved confidence in market integrity;
- improvements in quality and availability of financial advice;
- improvements in overall financial literacy levels;
- improvements in retail investor and consumer perception of information received about products and services; and
- improvements in conduct of market participants and corporates.

Program 1.2: Enforcement/deterrence

Program 1.2 objective

Program 1.2 contributes to Outcome 1 by enforcing the law to maximise deterrent effect and improve behaviour by entities subject to the laws that ASIC administers.

Program 1.2 resources

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

Table 2.3: Program 1.2 resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	133,744	148,687	144,361	137,377	128,212
Receipts from other sources (s31)	4,898	3,421	3,507	4,519	4,632
Equity injections	8,882	3,888	-	-	-
Annual administered items:					
Ordinary annual services (Appropriation Bill No. 1)	3,424	3,441	3,485	3,525	3,614
Total program resources	150,948	159,437	151,353	145,421	136,458

Program 1.2 deliverables

Enforcement/deterrence

Deterrence programs are designed to:

- investigate suspect conduct and take appropriate and timely criminal, civil or administrative action, especially where market integrity and consumers and retail investors are most at risk;
- create community confidence that the law is being effectively enforced;
- communicate clearly about ASIC's enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas; and
- encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation).

ASIC finances preliminary investigations and reports by liquidators into the failure of companies with little or no assets that have been selected by ASIC, where it appears that enforcement action may result from the investigation and report. A particular focus of the Assetless Administration Fund is to curb fraudulent phoenix activity.

Program 1.2 key performance indicators

ASIC has the following key performance indicators:

- clear alignment between ASIC enforcement actions and key risk areas; and
- improved stakeholder perceptions of how ASIC deals with people who don't comply with the law.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services.

Outcome 2 Strategy

The strategy under Outcome 2 focuses on:

- lifting our operational effectiveness and service levels for all stakeholders;
- using technology to reduce costs for business and contribute to cutting red tape; and
- facilitating business, including international capital flows.

Outcome 2 Budgeted resources

Table 2.1 provides an overview of the total resources for Outcome 2, by program.

Table 2.4: Budgeted resources for Outcome 2

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 2.1: Legal infrastructure for companies and financial services providers		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	83,825	93,191
Equity injections	5,567	2,437
Total for Program 2.1	89,392	95,628
Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special Accounts		
Administered items		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	25,015	23,077
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,047	3,390
Special accounts		
Enforcement special account	30,000	30,000
ASIC Deregistered Companies Special Account	966	1,000
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account	3	-
Companies and Unclaimed Moneys Special Account	48,500	50,000
Other Trust Moneys Account	132	-
Total for Program 2.2	108,663	107,467
Outcome 2 totals by appropriation type		
Departmental items		
Ordinary annual services (Appropriation Bill No. 1)	83,825	93,191
Equity injections	5,567	2,437
Administered items		
Special appropriations	29,062	26,467
Special accounts	79,601	81,000
Total resources for Outcome 2	198,055	203,095
	2008-09	2009-10
Average staffing level (number)	488	538

Note: As per Section 1.4, in transitioning to the program framework in 2009-10, ASIC will have two outcomes as compared to one in 2008-09. Figure 2 illustrates the comparison between the two years.

Contributions to Outcome 2

Program 2.1: Legal infrastructure for companies and financial services providers

Program 2.1 objective

Program 2.1 contributes to Outcome 2 by improving ASIC's registry and stakeholder services by developing initiatives for business and consumer stakeholders to:

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

Program 2.1 resources

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

Table 2.5: Program 2.1 resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental items:					
Ordinary annual services (Appropriation Bill No. 1)	83,825	93,191	91,071	86,674	80,903
Equity injections	5,567	2,437	-	-	-
Total program resources	89,392	95,628	91,071	86,674	80,903

Program 2.1.1 deliverables

Modernising registry services

Programs designed to:

- provide stakeholders with modern, efficient, accurate and cost-effective corporate register and licensing systems; and
- improve public access to information about registered and licensed entities.

Improving stakeholder services

Programs designed to:

- improve service delivery to better meet stakeholder needs;
- take prompt and appropriate regulatory action on reports of misconduct;
- provide accurate information and assistance to the public; and

- provide accurate and useful information to industry stakeholders about the regulatory system and ASIC's administration of it.

Facilitating business

Initiatives designed to:

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

Program 2.1 key performance indicators

ASIC has the following key performance indicators:

- improved effectiveness and efficiency of registry and licensing services;
- improved stakeholder satisfaction with ASIC's corporate register and other stakeholder services; and
- ASIC's regulatory system not seen as a major barrier to inward and outward capital flows.

Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special accounts

Program 2.2 objectives

Special appropriations

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

Moneys from bank and deposit taking institutions that are inactive for seven or more years are transferred to the Commonwealth and deposited into the Official Public Account (OPA).

Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and deposited into the OPA.

Refunds are paid to successful claimants out of the OPA.

Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts have been created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation.

Program 2.2 resources

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

Table 2.6: Program 2.2 resources

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual administered items					
Special appropriations					
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	25,015	23,077	23,775	24,472	25,169
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,047	3,390	3,390	3,390	3,390
Special accounts					
Enforcement special account	30,000	30,000	30,000	30,000	30,000
ASIC Deregisterd Companies Special Account	966	1,000	1,000	1,000	1,000
ASIC Investigations, Legal Proceedings, Settlements, and Court Orders Special Account	3	-	-	-	-
Companies and Unclaimed Moneys Special Account	48,500	50,000	50,000	50,000	50,000
Other Trust Moneys Account	132	-	-	-	-
Total program resources	108,663	107,467	108,165	108,862	109,559

Program 2.2 deliverables

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

Program 2.2 key performance indicators

ASIC has the following key performance indicators:

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ASIC has not moved any administered funds between years.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance	Receipts Non- Appropriated	Receipts Appropriated	Payments	Closing balance
		2009-10	2009-10	2009-10	2009-10	2009-10
		<i>2008-09</i>	<i>2008-09</i>	<i>2008-09</i>	<i>2008-09</i>	<i>2008-09</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Companies and unclaimed Moneys Special Account (A)	2	11,140 223,640	50,000 48,500	- -	50,000 261,000	11,140 11,140
Deregistered Companies Special Account (D)	1	303 4,636	1,000 966	- -	1,303 5,299	- 303
Enforcement Special Account (D)	1	27,106 26,635	- -	30,000 30,000	30,000 29,529	27,106 27,106
Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	27 124	- 3	- -	27 100	- 27
Other Trust Moneys Account (D)	1	- -	- 132	- -	- 132	- -
Security Deposits Special Account (D)	1	- 423	- -	- -	- 423	- -
Services for other Governments and Non-Agency Bodies Account (D)	1	- -	- -	- -	- -	- -
Total special accounts						
2009-10 Budget estimate		38,576	51,000	30,000	81,330	38,246
Total special accounts 2008-09 estimated actual		255,458	49,601	30,000	296,483	38,576

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

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Program
	Bill	Bill	Special	Total			
	No. 1	No. 2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian Securities and Investments Commission							
Departmental 2009-10	853	-	-	853	-	853	1
Departmental 2008-09	493	-	-	493	-	493	1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resources 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

Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2009-10 and for the remainder of the forward estimates.

Revenues from government for 2009-10 is \$344.8 million, which is an increase of \$13 million from the 2008-09 Portfolio Additional Estimates Statements. Of this amount, \$15.4 million relates to the 2009-10 Budget measure (Table 1.2), and \$0.6 million relates to a redistribution of funds from a previous measure (Australian Business Number and business names registration system). The balance of \$3 million is attributable to the downward movement in indices relating to prices and wages of \$0.8 million, estimated savings of \$1.1 million from the Government's review of information technology (Gershon review), and the reallocation of \$1.1 million from Standard Business Reporting.

Total revenue and expenses are estimated to be \$352.3 million for 2009-10. The expenditure will be used to fund activities that contribute towards achieving the outcome and program objectives outlined in section 2.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2009-10 is \$101.8 million.

The 2009-10 equity position reflects the cumulative effect of capital injections of \$9 million received during 2009-10.

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

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

Departmental capital budget statement

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

Statement of asset movements — departmental

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

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

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

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

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

Schedule of budgeted assets and liabilities administered on behalf of government

The amount shown for receivables in 2009-10 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 2009-10 and the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001*.

Schedule of budgeted administered cash flows

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

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	180,472	208,347	203,675	191,242	177,030
Supplier	105,503	109,076	107,045	103,422	96,524
Depreciation and amortisation	30,862	34,364	31,384	31,384	31,384
Finance costs	500	500	500	500	500
Total expenses	317,337	352,287	342,604	326,548	305,438
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	4,000	4,080	4,162	4,244	4,329
Other revenue	3,367	3,431	3,497	3,564	3,633
Total revenue	7,367	7,511	7,659	7,808	7,962
Total own-source income	7,367	7,511	7,659	7,808	7,962
Net cost of (contribution by) services	309,970	344,776	334,945	318,740	297,476
Appropriation revenue	309,970	344,776	334,945	318,740	297,476
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,128	4,302	4,390	4,660	4,611
Trade and other receivables	77,412	62,873	68,853	72,028	75,761
Total financial assets	81,540	67,175	73,243	76,688	80,372
Non-financial assets					
Land and buildings	31,815	54,860	54,152	53,723	53,541
Infrastructure, plant and equipment	15,173	13,472	14,380	24,014	23,659
Intangibles	45,673	48,254	39,470	26,581	23,434
Other	3,146	3,237	3,099	3,133	3,133
Total non-financial assets	95,807	119,823	111,101	107,451	103,767
Total assets	177,347	186,998	184,344	184,139	184,139
LIABILITIES					
Provisions					
Employees	46,953	48,639	47,621	48,125	48,125
Other	7,118	7,346	7,587	7,850	7,850
Total provisions	54,071	55,985	55,208	55,975	55,975
Payables					
Suppliers	22,024	22,660	21,693	21,932	21,932
Other	8,442	6,528	5,618	4,407	4,407
Total payables	30,466	29,188	27,311	26,339	26,339
Total liabilities	84,537	85,173	82,519	82,314	82,314
Net assets	92,810	101,825	101,825	101,825	101,825
EQUITY					
Contributed equity	76,214	85,229	85,229	85,229	85,229
Reserves	8,900	8,900	8,900	8,900	8,900
Retained surpluses or accumulated deficits	7,696	7,696	7,696	7,696	7,696
Total equity	92,810	101,825	101,825	101,825	101,825
Current assets	84,686	70,412	76,342	79,821	83,505
Non-current assets	92,661	116,586	108,002	104,318	100,634
Current liabilities	64,456	66,365	64,474	65,056	65,056
Non-current liabilities	20,081	18,808	18,045	17,258	17,258

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	5,046	4,046	4,126	4,208	4,329
Appropriations	335,133	359,616	329,268	315,868	293,743
GST received	18,860	14,667	13,403	13,373	12,555
Other	3,241	1,742	1,808	3,438	3,507
Total cash received	362,280	380,071	348,605	336,887	314,134
Cash used					
Employees	183,695	206,661	204,393	190,738	177,030
Suppliers	109,967	109,295	107,921	104,806	96,898
GST Paid	18,860	14,667	13,403	13,373	12,555
Borrowing costs	190	-	-	-	-
Total cash used	312,712	330,623	325,717	308,917	286,483
Net cash from or (used by) operating activities	49,568	49,448	22,888	27,970	27,651
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	73,686	58,289	22,800	27,700	27,700
Total cash used	73,686	58,289	22,800	27,700	27,700
Net cash from or (used by) investing activities	(73,686)	(58,289)	(22,800)	(27,700)	(27,700)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	20,024	9,015	-	-	-
Total cash received	20,024	9,015	-	-	-
Cash used					
Repayments of finance lease principal	193	-	-	-	-
Total cash used	193	-	-	-	-
Net cash from or (used by) financing activities	19,831	9,015	-	-	-
Net increase or (decrease) in cash held	(4,287)	174	88	270	(49)
Cash at the beginning of the reporting period	8,415	4,128	4,302	4,390	4,660
Cash at the end of the reporting period	4,128	4,302	4,390	4,660	4,611

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	7,696	8,900	-	76,214	92,810
Adjusted opening balance	7,696	8,900	-	76,214	92,810
Appropriation (equity injection)	-	-	-	9,015	9,015
Subtotal transactions	-	-	-	9,015	9,015
Estimated closing balance as at 30 June 2010	7,696	8,900	-	85,229	101,825

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	20,024	9,015	-	-	-
Total capital appropriations	20,024	9,015	-	-	-
Represented by:					
Purchase of non-financial assets	20,024	9,015	-	-	-
Total represented by	20,024	9,015	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	20,024	9,015	-	-	-
Funded internally from departmental resources	53,662	49,274	22,800	27,700	27,700
TOTAL	73,686	58,289	22,800	27,700	27,700

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	41,253	35,305	96,683	173,241
less Accumulated depreciation/amortisation	9,438	20,132	51,010	80,580
Opening net book balance	31,815	15,173	45,673	92,661
Asset movements				
Additions	27,456	5,650	25,183	58,289
less Depreciation/amortisation expense	4,411	7,351	22,602	34,364
Total asset movements	23,045	(1,701)	2,581	23,925
As at 30 June 2010				
Gross book value	68,709	40,955	121,866	231,530
less Accumulated depreciation/amortisation	13,849	27,483	73,612	114,944
Closing net book balance	54,860	13,472	48,254	116,586

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Other sources of non-taxation revenues	602,617	610,282	635,344	662,472	693,593
Total revenues administered on behalf of Government	602,617	610,282	635,344	662,472	693,593
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	3,424	3,441	3,485	3,525	3,614
Write down and impairment of assets	26,612	23,402	23,662	23,944	24,232
Other	29,087	26,492	27,190	27,887	28,584
Total expenses administered on behalf of Government	59,123	53,335	54,337	55,356	56,430

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,354	4,354	4,354	4,354	4,355
Receivables	89,451	99,496	110,467	119,799	132,566
Total assets administered on behalf of Government	93,805	103,850	114,821	124,153	136,921
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	446	446	446	446	446
Other payables	6,599	6,599	6,600	4,100	4,100
Total liabilities administered on behalf of Government	7,045	7,045	7,046	4,546	4,546

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	313	314	319	549	330
Other	571,593	576,505	600,379	628,859	656,550
Total cash received	571,906	576,819	600,698	629,408	656,880
Cash used					
Suppliers	3,424	3,441	3,485	6,025	3,614
Other	28,865	26,162	26,857	27,550	28,540
Net GST paid	313	314	319	549	330
Total cash used	32,602	29,917	30,661	34,124	32,484
Net cash from or (used by) operating activities	539,304	546,902	570,037	595,284	624,396
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	38,486	35,908	36,650	37,387	38,173
Total cash received	38,486	35,908	36,650	37,387	38,173
Cash used					
Cash to Official Public Account	576,500	582,810	606,687	632,671	662,568
Total cash used	576,500	582,810	606,687	632,671	662,568
Net cash from or (used by) financing activities	(538,014)	(546,902)	(570,037)	(595,284)	(624,395)
Net increase or (decrease) in cash held	1,290	-	-	-	1
Cash at beginning of reporting period	3,064	4,354	4,354	4,354	4,354
Cash at end of reporting period	4,354	4,354	4,354	4,354	4,355

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 government.

Appropriations in the accrual budgeting framework

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

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

Departmental

Asset valuation

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that

the carrying amounts of assets do not differ materially from the assets fair values as at the reporting date.

Asset recognition threshold

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

Leases

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

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

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

Depreciation and amortisation

Computer equipment is depreciated using the declining-balance method whilst, for all other plant and equipment, the straight-line method of depreciation is applied. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease. Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

Receivables

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

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

Provisions and payables

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

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

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

Write down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

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

Schedule of budgeted administered cash flows

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

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources	193
1.1 Strategic direction	193
1.2 Agency resource statement	194
1.3 Budget measures.....	196
1.4 Transition from outcomes and outputs to outcomes and programs	198
Section 2: Outcomes and planned performance	201
2.1 Outcomes and performance information	201
Section 3: Explanatory tables and budgeted financial statements	230
3.1 Explanatory tables	230
3.2 Budgeted financial statements	231

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Taxation Office (ATO) seeks to achieve confidence in the administration of Australia's taxation and superannuation systems.

The ATO's approach to administration is about dealing appropriately with people who are not meeting their obligations.

The Strategic Statement 2006-10 outlines the ATO's strategic direction, including an aspiration to work with the community in the fair administration and effective management of the tax and superannuation systems to add value to the nation.

In achieving the Strategic Statement, the ATO implements relevant strategies in line with the business intent, which is to optimise voluntary compliance and make payments under the law in a way that builds community confidence. This is achieved by:

- helping taxpayers and their agents understand their rights and obligations;
- making it as easy as possible for people to comply with the law;
- ensuring effective strategies are in place to deter, detect and deal with non-compliance; and
- developing and supporting the capability of ATO people and of others in the system.

The ATO's corporate values guide this work by being fair and professional, applying the rule of law, supporting those who want to do the right thing and being fair, but firm, with those who don't, being consultative, collaborative and willing to co-design, open and accountable and responsive to challenges and opportunities.

In the current economic climate, the ATO will be focusing on optimising Australia's revenue collections and supporting the community, particularly those in genuine financial distress. Implementing the Government's initiatives to stimulate the economy will also be a priority for the ATO this financial year in addition to supporting new measures.

The ATO will also continue to support the intended operation of the superannuation system by ensuring that employers meet their superannuation obligations and regulating self managed superannuation funds.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior + year amounts available in 2009-10 \$'000	Proposed at Budget = 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	156,886 ⁴	-	156,886	-
Departmental appropriation	-	3,027,903 ¹	3,027,903	2,901,777
Receipts from other sources (s31)	-	16,372 ³	16,372	29,611
Total	156,886	3,044,275	3,201,161	2,931,388
Administered expenses				
Outcome 1	-	5,360 ¹	5,360	24,150
Total	-	5,360	5,360	24,150
Total ordinary annual services	A 156,886	3,049,635	3,206,521	2,955,538
Other services				
Departmental non-operating				
Equity injections	-	8,212 ²	8,212	79,729
Previous years' outputs	-	16,332 ²	16,332	2,886
Total other services	B -	24,544	24,544	82,615
Total available annual appropriations (A+B)	156,886	3,074,179	3,231,065	3,038,153

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)

	Estimate of prior ⁺ year amounts available in 2009-10 \$'000	Proposed at Budget ⁼ 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	-	40,000	40,000	109,000
<i>Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme</i>	-	25,000	25,000	38,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	224,000	224,000	217,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁶</i>	-	8,121,000	8,121,000	15,975,000
Total special appropriations	C	8,410,000	8,410,000	16,339,000
Total appropriations excluding special accounts	156,886	11,484,179	11,641,065	19,377,153
Special accounts				
Opening balance ⁵	138,466	-	138,466	-
Appropriation receipts	-	26,000	26,000	74,100
Non-appropriation receipts to special accounts	-	40,040	40,040	41,326
Total special account	D	66,040	204,506	115,426
Total resourcing (A+B+C+D)	295,352	11,550,219	11,845,571	19,492,579
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	26,000	26,000	74,100
Total net resourcing for the ATO	295,352	11,524,219	11,819,571	19,418,479

1. Appropriation Bill (No. 1) 2009-10.

2. Appropriation Bill (No. 2) 2009-10.

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

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

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

6. These figures represent non refund items only. Tax refund items for 2008-09 are estimated at \$85,371 million (including \$75 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$94,377 million for 2009-10 (including \$90 million paid via the ACS on the ATO's behalf).

1.3 BUDGET MEASURES

Budget measures relating to Australian Taxation Office are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Agency 2009-10 Budget measures

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures						
An Innovation and Higher Education System for the 21st Century - Higher Education Loan Program (HELP) repayment reduction for education and nursing graduates ¹						
Departmental expenses	1.2	-	760	500	1,439	2,562
An Innovation and Higher Education System for the 21st Century - Research and Development Tax Credit ²						
Administered expenses	1.10	-	120,000	410,000	430,000	450,000
Departmental expenses	1.2	-	371	1,109	2,094	2,219
Education Tax Refund - public awareness campaign						
Departmental expenses	1.3	9,300	-	-	-	-
Expansion of income contingent loans to state-subsidised students in vocational education and training						
Departmental expenses	1.2	3,414	1,508	1,873	1,893	1,908
Nation Building and Jobs Plan - implementing costs						
Administered expenses	1.3	12,650	4,720	-	-	-
Departmental expenses	1.3	2,180	250	-	-	-
Nation Building and Jobs Plan - Tax Bonus for Working Australians - reduction						
Departmental expenses	1.3	400	-	-	-	-
Private health insurance - fair and sustainable support for the future ³						
Administered expenses	1.3	-	-	4,209	4,599	-
Departmental expenses	1.2	963	4,772	13,884	28,994	9,130

Table 1.2: Agency 2009-10 Budget measures (continued)

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Reform of family payments - pause to indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus						
Administered expenses	1.15	-	(33,000)	(43,000)	(66,000)	(68,000)
Strategic Compliance - continuing to address the abuse of tax havens ⁴						
Departmental expenses	1.1, 1.2 & 1.3	-	-	28,665	24,598	20,860
Strategic Compliance - Managing taxation compliance risks related to Australia's economic recovery						
Departmental expenses	1.1, 1.2 & 1.3	-	44,236	80,392	86,174	91,331
Strategic Compliance - promoting a level playing field for small business						
Administered expenses	1.3	-	40	40	21	21
Departmental expenses	1.2 & 1.3	-	15,534	17,143	17,615	15,912
Strategic Compliance - supporting businesses and other taxpayers in financial distress						
Departmental expenses	1.2	-	24,404	24,684	24,134	26,800
Superannuation - contributing to sustainable retirement income reform by reducing the concessional contributions caps						
Administered expenses	1.3	-	600	402	-	-
Departmental expenses	1.2 & 1.3	-	4,312	16,129	16,390	17,446
Superannuation - contributing to sustainable retirement income reform by temporarily reducing the Government co-contribution						
Administered expenses	1.12	-	(385,000)	(395,000)	(410,000)	(205,000)
Superannuation - payment of small and insoluble lost accounts to unclaimed monies						
Departmental expenses	1.12	-	-	3,581	3,059	1,788
Total expense measures						
Administered		12,650	(292,640)	(23,349)	(41,380)	177,021
Departmental		16,257	96,147	187,960	206,390	189,956
Total		28,907	(196,493)	164,611	165,010	366,977

Table 1.2: Agency 2009-10 Budget measures (continued)

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Related capital					
An Innovation and Higher Education System for the 21st Century - Research and Development Tax Credit					
1.2 & 1.3	-	-	1,330	-	-
Strategic Compliance - promoting a level playing field for small business					
1.2 & 1.3	-	-	2,297	2,297	-
Total related capital	Total	-	-	3,627	2,297

1. This is a cross portfolio measure with the Education, Employment and Workplace Relations portfolio.
 2. This is a cross portfolio measure with the Innovation, Industry, Science and Research portfolio.
 3. This is a cross portfolio measure with the Families, Housing, Community Services and Indigenous Affairs portfolio.
 4. The Treasury portfolio is the lead portfolio for this measure.
- Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table over the page outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the ATO's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget year

Outcome 1: Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems

Output Group 1.1: Australian Taxation Office	
Departmental outputs:	
Output 1.1.1 Shape, design and build administrative systems	P1.1
Output 1.1.2 Management of revenue collection and transfers	P1.2
Output 1.1.3 Compliance assurance and support - revenue collection	P1.3
Output 1.1.4 Compliance assurance and support for transfers and regulation of superannuation funds	P1.4
Output 1.1.5 Services to governments and agencies	P1.5
Administered Items:	
Special Appropriations	
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	
<i>Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme</i>	
<i>Superannuation Guarantee Administration Act 1992</i>	
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	

2009-10 Budget year

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

Program 1.1: Shape, Design and build administrative systems		Program 1.8: Cleaner Fuels Grant Scheme	
Departmental items:		Administered items:	
Program support	OG1.1	Special Appropriation	
		<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	
Program 1.2: Management of revenue collections and transfers		Program 1.9: Refundable Film and Television Tax Offset	
Departmental items:		Administered items:	
Program support	OG1.1	Special appropriation	
		<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	
Program 1.3: Compliance assurance and support for revenue collections		Program 1.10: Research and Development Tax Offset	
Departments items:		Administered items:	
Program support	OG1.1	Special appropriation	
Administered items		<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	
Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds		Program 1.11: Private Health Insurance Rebate	
Departmental items:		Administered items:	
Program support	OG1.1	Special appropriation	
		<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	
Program 1.5: Services to government and agencies		Program 1.12: Superannuation Co-contribution Scheme	
Departmental items:		Administered items:	
Program support	OG1.1	Special appropriation	
		<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	
Program 1.6: Tax Bonus		Program 1.13: Superannuation Guarantee Scheme	
Administered items:		Administered items:	
Special appropriation		Special appropriation	
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>		<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	
Program 1.7: Product Stewardship Waste (Oil) Scheme		Administered items:	
Administered items:		Special appropriation	
Special appropriation		<i>Superannuation Guarantee (Administration) Act 1992</i>	
<i>Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme</i>			

Figure 2: Transition table (continued)

2008-09 Budget year

Outcome 1: Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems

2009-10 Budget year

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

<p>Program 1.14: Fuel Tax Credits Scheme</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>	<p>Program 1.18: First Home Saver Accounts</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>
<p>Program 1.15: Education Tax Refund</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>	<p>Program 1.19: Baby Bonus</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>
<p>Program 1.16: National Urban Water and Desalination Plan</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>	<p>Program 1.20: Interest on Overpayments and Early Payments of Tax</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>
<p>Program 1.17: National Rental Affordability Scheme</p> <p>Administered items: Special appropriation <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)</p>	<p>Program 1.21: Bad and Doubtful Debts and Remissions</p> <p>Administered items: Expenses not requiring appropriation in the Budget year</p>

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

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

Outcome 1 Strategy

The ATO administers Australia's taxation system, as well as regulates significant aspects of the superannuation system. It also delivers a range of services and benefit payments to individuals, businesses and other governments and agencies.

The ATO's business model explains how the ATO administers the tax and superannuation systems, in a way that adds value, whereas the ATO's departmental programs outline the delivery of the business intent and administered programs by:

- shaping, designing and building administrative systems that support and deliver community and government expectations of the tax and superannuation systems;
- managing tax collections, transfers and payments;
- assuring compliance and support for revenue collections;
- assuring compliance and support for transfers and regulation of superannuation funds; and
- delivering services to government and government agencies which facilitate government policy and meet community expectations.

As the ATO nears the end of its current strategic direction, the Corporate Plan 2009-10 outlines additional strategic areas of focus which support the delivery of the outcome and programs and the Strategic Statement 2006-10. These include:

- helping the community by taking their circumstances into account and assisting them in meeting their obligations;
- managing non-compliance in a way that promotes a level playing field for all;
- demonstrating ethical behaviour through effective corporate governance; and
- building organisational agility to position the ATO for future opportunities and challenges.

The Corporate Plan outlines the ATO's key corporate priorities for the next financial year. In addition to establishing four strategic areas of focus, which support the delivery of the Strategic Statement 2006-10, the capability focus areas identify key capabilities the ATO will be strengthening over the coming year to support the successful delivery of the ATO's programs.

To assure Government and the community that the tax and superannuation systems are being efficiently and effectively managed and administered, the ATO publishes specific commitments, strategies and targets across a number of communication channels, including Service Standards, the Compliance Program and Taxpayers' Charter.

The ATO measures effectiveness through four broad indicators that represent the most significant contributions made to achieving the outcome above:

- deliver to government;
- maintain community confidence;
- improve ease of compliance; and
- efficient, ethical and adaptive organisation.

Outcome 1 Budgeted expenses and resources

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

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 benefits and managing non-compliance with the law	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Shape, design and build administrative systems		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	387,741	403,388
Revenues from independent sources (section 31)	4,190	2,460
Expenses funded by prior years departmental carried forward	10,658	-
Total for Program 1.1	402,589	405,848
Program 1.2: Management of revenue collection and transfers		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,038,826	1,080,748
Revenues from independent sources (section 31)	11,227	6,590
Expenses funded by prior years departmental carried forward	28,554	-
Total for Program 1.2	1,078,607	1,087,338
Program 1.3: Compliance assurance and support for revenue collections		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	24,150	5,360
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,283,410	1,335,203
Revenues from independent sources (section 31)	13,870	8,141
Expenses funded by prior years departmental carried forward	35,277	-
Total for Program 1.3	1,356,707	1,348,704
Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	115,045	119,688
Revenues from independent sources (section 31)	1,243	730
Expenses funded by prior years departmental carried forward	3,162	-
Total for Program 1.4	119,450	120,418
Program 1.5: Services to governments and agencies		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	85,429	88,876
Revenues from independent sources (section 31)	923	542
Special accounts	29,159	29,040
Expenses funded by prior years departmental carried forward	2,348	-
Total for Program 1.5	117,859	118,458
Program 1.6: Tax Bonus		
Administered expenses		
Special appropriations	7,665,000	-
Total for Program 1.6	7,665,000	-
Program 1.7: Product Stewardship Waste (Oil) Scheme		
Administered expenses		
Special appropriations	38,000	25,000
Total for Program 1.7	38,000	25,000

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

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 benefits and managing non-compliance with the law	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.8: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	109,000	40,000
Total for Program 1.8	109,000	40,000
Program 1.9: Refundable Film and Television Tax Offset		
Administered expenses		
Special appropriations	151,000	100,000
Total for Program 1.9	151,000	100,000
Program 1.10: Research and Development Tax Offset		
Administered expenses		
Special appropriations	394,000	519,000
Total for Program 1.10	394,000	519,000
Program 1.11: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	171,000	181,000
Total for Program 1.11	171,000	181,000
Program 1.12: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	900,000	765,000
Total for Program 1.12	900,000	765,000
Program 1.13: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	217,000	224,000
Total for Program 1.13	217,000	224,000
Program 1.14: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,119,000	5,073,000
Total for Program 1.14	5,119,000	5,073,000
Program 1.15: Education Tax Refund		
Administered expenses		
Special appropriations	1,015,000	1,062,000
Total for Program 1.15	1,015,000	1,062,000
Program 1.16: National Urban Water and Desalination Plan		
Administered expenses		
Special appropriations	-	29,000
Total for Program 1.16	-	29,000
Program 1.17: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	1,000	39,000
Subtotal for Program 1.17	1,000	39,000
Program 1.18: First Home Saver Accounts		
Administered expenses		
Special appropriations	6,000	23,000
Total for Program 1.18	6,000	23,000

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

	2008-09 Estimated actual expenses \$'000	2009-10 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 benefits and managing non-compliance with the law		
Program 1.19: Baby Bonus		
Administered expenses		
Special appropriations	30,000	-
Total for Program 1.19	30,000	-
Program 1.20: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	523,000	330,000
Total for Program 1.20	523,000	330,000
Program 1.21: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in the Budget year	4,410,000	4,525,000
Total for Program 1.21	4,410,000	4,525,000
Outcome 1 Totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	24,150	5,360
Special appropriations	16,339,000	8,410,000
Expenses not requiring appropriation in the Budget year	4,410,000	4,525,000
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,910,451	3,027,903
Revenues from independent sources (section 31)	31,453	18,462
Special appropriations	-	-
Special accounts	29,159	29,040
Expenses funded by prior years' departmental carried forward	80,000	-
Total expenses for Outcome 1	23,824,213	16,015,765
	2008-09	2009-10
Average staffing level (number)	22,035	21,720

Contributions to Outcome 1

Program 1.1: Shape, design and build administrative systems

Program 1.1 objective

The objective of this program is to effectively shape, design and build administrative systems that give effect to the legislation administered by the ATO. This is achieved by providing advice on the administrative implications of new policy and where existing laws may not operate in accordance with the policy intent.

Early involvement in new policy and legislation supports sound administration and compliance outcomes, which in turn, contributes to the effective management of the legal risk to the ATO. The ATO does this through the application of collective knowledge and expertise in costings and modelling, management of non-compliance, forecasting collections and interpretative aspects and assurance of the law. It also involves the development of major new administrative systems such as the ATO's Change Program.

Program 1.1 expenses

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

Table 2.2: Program 1.1 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	391,931	405,848	414,291	412,561	413,436
Expenses funded by prior years departmental carried forward	10,658	-	-	-	-
Total departmental expenses	402,589	405,848	414,291	412,561	413,436

Program 1.1 deliverables

To effectively shape, design and build administrative systems, the ATO provides advice on new policy initiatives, assists with law design, implements new law through business practices and processes, resolves law clarification issues and provides assurance of law interpretation. The provision of these services is as required to meet the agreed standards of service for timely implementation of new measures and initiatives, as well as providing the ATO view of the law, and is demonstrated by:

- the number of advice and costings provided by the ATO to help shape the government's tax and superannuation agenda;

- delivery of new business systems and processes in accordance with agreed schedule and costs;
- delivery of major administrative systems as planned;
- the number of ATO views settled through resolution of priority technical issues and testing the ATO's position on the law; and
- the management of legal risks for the ATO.

Program 1.1 key performance indicators

The shape of the tax and superannuation systems is a matter for government. The responsibility of the ATO is the implementation and management of these systems, ensuring that they operate as intended and at least cost to taxpayers. To this extent, the ATO's performance is measured in the context of effectively implementing the Government's tax and superannuation policy agenda as well as contributing to the long-term sustainability of the administration. This is demonstrated by:

- the level of satisfaction with ATO input to new tax and superannuation policy and law design processes, as per the agreed ATO-Treasury protocol;
- the degree of success in implementing improved business systems and processes in accordance with intent, outcomes and promised user experience;
- the degree of success in implementing new administrative systems and support products for taxpayers and their advisers in time for new laws; and
- the degree of success in managing litigation and consequences of court and tribunal decisions.

Program 1.2: Management of revenue collection and transfers

Program 1.2 objective

The objective of this program is to manage the collections system and deliver a range of services and benefits to the community by facilitating an open, accountable and practical relationship with the community.

The confidence the community has in the tax and superannuation systems is best demonstrated by the way the ATO interacts with the community whether they are registering for the first time, lodging a return, making a payment or arranging for a refund, getting general information or managing any outstanding obligations.

Program 1.2 expenses

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

Table 2.3: Program 1.2 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,050,052	1,087,338	1,109,957	1,105,323	1,107,667
Expenses funded by prior years departmental carried forward	28,554	-	-	-	-
Total departmental expenses	1,078,607	1,087,338	1,109,957	1,105,323	1,107,667

Program 1.2 deliverables

Most Australians want to get it right the first time and appreciate that the tax and superannuation systems are there for their collective interests. The program to manage revenue and transfers represents significant interactions and transactions between the ATO and the community as people engage with the system in relation to their tax affairs. This is demonstrated by:

- the number of registrations and updates processed;
- the number of products processed;
- the number of client contact services delivered;
- the number of accounts managed, refunds issued and payments processed; and
- the number of debt cases finalised.

Program 1.2 key performance indicators

As Australia's principal revenue agency, the ATO's performance in effectively managing revenue collections and transfers is evidenced by facilitating interactions with the community who want to comply with their obligations and to make it as cheap and easy as possible to do so. This is demonstrated by:

- the level of community satisfaction with the management of revenue collections and payments, registrations, client contact and debt collection; and
- the level of collectable debt compared to total collections.

Program 1.3: Compliance assurance and support for revenue collections

Program 1.3 objective

The primary objective of this program is to assure and support revenue collection through an appropriate balance of assistance and compliance verification activities.

As a general approach, the ATO aims to intrude as little as possible on the majority of the community and businesses who want to meet their obligations, other than as a source of assistance, while at the same time being highly visible to those who may be reluctant to voluntarily comply.

Program 1.3 expenses

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

Table 2.4: Program 1.3 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,297,280	1,343,344	1,371,289	1,365,563	1,368,459
Expenses funded by prior years departmental carried forward	35,277	-	-	-	-
Annual administered expenses:					
Administered item	24,150	5,360	4,651	4,620	21
Total departmental expenses	1,356,707	1,348,704	1,375,940	1,370,183	1,368,480

Program 1.3 deliverables

This program describes the ATO's role in assuring and supporting compliance with tax laws. This is achieved through the provision of support to the community in the form of educational material, advice and other assistance, as well as strategies to detect and deal with non-compliance. This is demonstrated through:

- the number of information, interpretative and active compliance products delivered; and
- the level of liabilities raised and collected through compliance products.

Program 1.3 key performance indicators

The ATO's performance in assuring and supporting revenue collection is evidenced through the management of non-compliance with the law and community perceptions about our efforts to assist compliance. This is demonstrated by:

- the successful delivery of active compliance products;

- the successful implementation of specifically funded activities contributing to the collection of revenue, and
- the level of community satisfaction with the information and tools provided by the ATO.

Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds

Program 1.4 objective

The primary objective of this program is to assure and support ATO-administered laws related to transfer payments and superannuation through an appropriate balance of assistance and compliance verification activities.

As a general approach, the ATO aims to intrude as little as possible on the majority of the community and businesses who want to meet their obligations, other than as a source of assistance, while at the same time being highly visible to those who may be reluctant to voluntarily comply.

Program 1.4 expenses

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

Table 2.5: Program 1.4 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	116,288	120,418	122,923	122,409	122,669
Expenses funded by prior years departmental carried forward	3,162	-	-	-	-
Total departmental expenses	119,450	120,418	122,923	122,409	122,669

Program 1.4 deliverables

This program describes the ATO's role in assuring and supporting compliance with the laws related to transfer payments and superannuation. This is achieved through the provision of support to the community in the form of educational material, advice and other assistance, as well as strategies to detect and deal with non-compliance. This is demonstrated through:

- the number of information, interpretative and active compliance products delivered; and
- the level of liabilities raised and collected.

Program 1.4 key performance indicators

The ATO's performance in assuring and supporting the transfer and superannuation laws administered by the ATO is evidenced through the management of non-compliance with the law and community perceptions about our efforts to assist compliance. This is demonstrated by:

- the successful delivery of active compliance products;
- the successful implementation of specifically funded activities contributing to the management of transfer or superannuation laws administered by the ATO; and
- the level of community satisfaction with the information and tools provided by the ATO.

Program 1.5: Services to governments and agencies

Program 1.5 objective

The objective of this program is to provide and support a range of services to the Government, Treasurer and portfolio Ministers, and scrutineers, including other Australian Government agencies and state and territory governments.

The focus of this program is on improving services to the community through close working relationships with other agencies, including those services provided by the Australian Valuation Office and the Australian Business Register. It also covers the ATO's complaints resolution procedures.

Program 1.5 expenses

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

Table 2.6: Program 1.5 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	86,352	89,418	91,278	90,897	91,090
Expenses funded by prior years departmental carried forward	2,348	-	-	-	-
Special account expenses:					
Valuation Services Special Account	29,159	29,040	29,905	30,796	31,714
Total departmental expenses	117,859	118,458	121,183	121,693	122,804

Program 1.5 deliverables

The ATO provides high quality support services to the Government, Ministers and scrutineers. The ATO works collaboratively with other agencies to deliver whole-of-government initiatives and to contribute to the outcomes of those agencies.

The provision of these services is as required to meet the agreed standards of service through various agreements, including valuation services and the use of the Australian Business Register, and is demonstrated by:

- the delivery of cross-agency support services in accordance with agreed memoranda of understanding;
- the number of parliamentary workflow services provided by the ATO;
- the number of valuations undertaken by the Australian Valuation Office for key clients; and
- the number of agency partnerships in place with the Australian Business Register.

Program 1.5 key performance indicators

The success of the ATO's provision of services to governments and agencies is evidenced by the ATO's ability to deliver support services and resolve issues in accordance with agreed standards of service. This is demonstrated by:

- engagement in cross-agency activities in accordance with agreed memoranda of understanding;
- the level of success in delivering Australian Business Register services to partner agencies, in accordance with service commitments; and
- the level of client satisfaction with services provided by the Australian Valuation Office, in accordance with service commitments.

Program 1.6: Tax Bonus

Program 1.6 objective

The Tax Bonus is part of the Australian Government's Nation Building Economic Stimulus Plan, which provides for targeted bonus payments to assist households and support economic growth.

The Tax Bonus payment commenced from April 2009 and will continue until all eligible people have been paid.

Program 1.6 expenses

This is a one-off payment.

Table 2.7: Program 1.6 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	7,665,000	-	-	-	-
Total program expenses	7,665,000	-	-	-	-

Program 1.6 deliverables

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

- the dollar value of tax bonuses paid; and
- the number of eligible recipients.

Program 1.6 key performance indicators

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

Program 1.7: Product Stewardship Waste (Oil) Scheme

Program 1.7 objective

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

The Department of Environment, Water, Heritage and the Arts has policy responsibility for the program, whilst the ATO administers the program on its behalf.

Program 1.7 expenses

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

Table 2.8: Program 1.7 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship waste (oil) scheme	38,000	25,000	25,000	25,000	25,000
Total program expenses	38,000	25,000	25,000	25,000	25,000

Program 1.7 deliverables

The ATO is responsible for delivery of products and services, by undertaking all processes, decisions and actions required to administer the program. The ATO also provides individuals with relevant information and compliance assurance and support to the Department of Environment, Water, Heritage and the Arts. Successful delivery is demonstrated by:

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

Program 1.7 key performance indicators

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

Program 1.8: Cleaner Fuels Grant Scheme

Program 1.8 objective

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

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

Program 1.8 expenses

The forward estimates are impacted by the cessation of payments for ultra low sulphur diesel.

Table 2.9: Program 1.8 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	109,000	40,000	44,000	68,000	56,000
Total program expenses	109,000	40,000	44,000	68,000	56,000

Program 1.8 deliverables

The ATO is responsible for delivery of products and services by undertaking all processes, decisions and actions required to administer the program. The ATO also provides individuals with relevant information and compliance assurance and support to the Department of Environment, Water, Heritage and the Arts. Successful delivery is demonstrated by:

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

Program 1.8 key performance indicators

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

Program 1.9: Refundable Film and Television Tax Offset

Program 1.9 objective

The offset is designed to ensure Australia remains competitive in attracting high budget film and television productions and is aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions.

In establishing the offset, the Government recognises the economic, employment and skills development opportunities that large budget film and television productions bring to Australia and to Australians working in the film industry.

The Department of Environment, Water, Heritage and the Arts has policy responsibility for the program, whilst the ATO administers the program on its behalf.

Program 1.9 expenses

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

Table 2.10: Program 1.9 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	151,000	100,000	114,000	107,000	107,000
Total program expenses	151,000	100,000	114,000	107,000	107,000

Program 1.9 deliverables

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

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

Program 1.9 key performance indicators

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

Program 1.10: Research and Development Tax Offset

Program 1.10 objective

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

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

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

Program 1.10 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2009-10* for further information.

Table 2.11: Program 1.10 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	394,000	519,000	898,000	965,000	1,028,000
Total program expenses	394,000	519,000	898,000	965,000	1,028,000

Program 1.10 deliverables

The ATO is responsible for administering the concession through the income tax return lodgment process and providing compliance and assurance 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 being demonstrated by:

- the number and dollar value of claims processed for Australian owned R&D general concession claimants;
- the number of incremental concession claims made by general concession claimants;

Australian Taxation Office Budget Statements

- the number of claims processed for R&D tax offsets processed;
- the percentage of R&D tax offset claims processed in accordance with service standards;
- the number and dollar value of claims processed for foreign-owned R&D (100 per cent deduction); and
- the number and dollar value of claims processed for 175 per cent internal premium concessions.

Program 1.10 key performance indicators

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

Program 1.11: Private Health Insurance Rebate

Program 1.11 objective

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

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

Program 1.11 expenses

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

Table 2.12: Program 1.11 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	171,000	181,000	190,000	200,000	210,000
Total program expenses	171,000	181,000	190,000	200,000	210,000

Program 1.11 deliverables

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

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

Program 1.11 key performance indicators

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

Program 1.12: Superannuation Co-contribution Scheme

Program 1.12 objective

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

The Treasury has policy responsibility for the program, whilst the ATO administers the program on its behalf, including providing information and support for individuals and superannuation funds through marketing and education services.

Program 1.12 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2009-10* for further information.

Table 2.13: Program 1.12 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	900,000	765,000	795,000	820,000	1,025,000
Total program expenses	900,000	765,000	795,000	820,000	1,025,000

Program 1.12 deliverables

The ATO is responsible for determining eligibility, calculating the amount of entitlement to be paid and making the payment, and notifying individuals of their entitlement. Successful delivery is demonstrated by:

- the number of individuals eligible for co-contributions;
- the value of co-contributions distributed; and
- the percentage of co-contribution claims paid to superannuation funds within service standards.

Program 1.12 key performance indicators

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

Program 1.13: Superannuation Guarantee Scheme

Program 1.13 objective

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

Program 1.13 expenses

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

Table 2.14: Program 1.13 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	217,000	224,000	233,000	243,000	253,000
Total program expenses	217,000	224,000	233,000	243,000	253,000

Program 1.13 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 employer record checks;
- the number of employees whose superannuation funds have not received the superannuation to which the employees are entitled;
- the number of employers whose records are checked;
- the dollar value of superannuation guarantee charge raised;
- the dollar value of superannuation guarantee charge collected;
- the dollar value of penalties and interest;
- the percentage of superannuation complaints resolved in accordance with service standards; and

- the percentage of superannuation guarantee cases completed in accordance with service standards.

Program 1.13 key performance indicators

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

Program 1.14: Fuel Tax Credits Scheme

Program 1.14 objective

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

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

Program 1.14 expenses

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

Table 2.15: Program 1.14 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,119,000	5,073,000	5,134,000	5,281,000	5,694,000
Total program expenses	5,119,000	5,073,000	5,134,000	5,281,000	5,694,000

Program 1.14 deliverables

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

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

Program 1.14 key performance indicators

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

Program 1.15: Education Tax Refund

Program 1.15 objective

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

The Department of Education, Employment and Workplace Relations has policy responsibility for the program, whilst the ATO administers the program on its behalf.

Program 1.15 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2009-10* for further information.

Table 2.16: Program 1.15 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,015,000	1,062,000	1,092,000	1,099,000	1,097,000
Total program expenses	1,015,000	1,062,000	1,092,000	1,099,000	1,097,000

Program 1.15 deliverables

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

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

Program 1.15 key performance indicators

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

Program 1.16: National Urban Water and Desalination Plan

Program 1.16 objective

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

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

The Department of Environment, Water, Heritage and the Arts has responsibility for the program.

Program 1.16 expenses

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

Table 2.17: Program 1.16 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	29,000	49,000	77,000	37,000
Total program expenses	-	29,000	49,000	77,000	37,000

Program 1.16 deliverables

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

- the number of certificates lodged with the ATO by the Department of Environment, Water, Heritage and the Arts.

Program 1.16 key performance indicators

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

Program 1.17: National Rental Affordability Scheme

Program 1.17 objective

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

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

Program 1.17 expenses

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

Table 2.18: Program 1.17 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,000	39,000	124,000	301,000	325,000
Total program expenses	1,000	39,000	124,000	301,000	325,000

Program 1.17 deliverables

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

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

Program 1.17 key performance indicators

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

Program 1.18: First Home Saver Accounts

Program 1.18 objective

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

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

Program 1.18 expenses

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

Table 2.19: Program 1.18 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	6,000	23,000	45,000	71,000	100,000
Total Program Expenses	6,000	23,000	45,000	71,000	100,000

Program 1.18 deliverables

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

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

Program 1.18 key performance indicators

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

Program 1.19: Baby Bonus

Program 1.19 objective

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

The Baby Bonus was replaced by the maternity payment from 1 July 2004 which is administered by Centrelink.

Program 1.19 expenses

This program ceases 30 June 2009.

Table 2.20: Program 1.19 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	30,000	-	-	-	-
Total program expenses	30,000	-	-	-	-

Program 1.19 deliverables

This program ceased in 2008-09 but payments will continue until all eligible people have been paid. Successful delivery is demonstrated by:

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

Program 1.19 key performance indicators

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

Program 1.20: Interest on Overpayments and Early Payments of Tax

Program 1.20 objective

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

There are three general categories under the Act which create credit interest entitlements for taxpayers in certain circumstances:

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

Program 1.20 expenses

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

Table 2.21: Program 1.20 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	523,000	330,000	330,000	330,000	330,000
Total program expenses	523,000	330,000	330,000	330,000	330,000

Program 1.20 deliverables

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

- the dollar value of interest paid.

Program 1.20 key performance indicators

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

Program 1.21: Bad and Doubtful Debts and Remissions

Program 1.21 objective

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

This program deals with both the tax debt and the additional charges for late payment (such as general interest charge) automatically imposed by legislation, but cannot be recovered.

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

Program 1.21 expenses

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

Table 2.22: Program 1.21 expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Administered item:					
Expenses not requiring appropriation in the Budget year	4,410,000	4,525,000	4,710,000	4,915,000	5,125,000
Total program expenses	4,410,000	4,525,000	4,710,000	4,915,000	5,125,000

Program 1.21 deliverables

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

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

Program 1.21 key performance indicators

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

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 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ATO does not have any authorised 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 ATO.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits	1	51	-	-	-	51
Special Account (A)		51	-	-	-	51
Other Trust Moneys	1	15,043	10,000	15,000	-	10,043
Account (A)		20,043	10,000	15,000	-	15,043
Superannuation Holding	1	112,565	26,000	8,600	-	129,965
Accounts Special Account (A)		63,565	74,100	25,100	-	112,565
Valuation Services Special	1	10,807	30,040	29,233	-	11,614
Account (D)		13,527	31,326	34,046	-	10,807
Total special accounts						
2009-10 Budget estimate		138,466	66,040	52,833	-	151,673
Total special accounts						
2008-09 estimated actual		97,186	115,426	74,146	-	138,466

(A) = Administered

(D) = Departmental

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Taxation Office Outcome 1						
Total outcome 2009-10	5,061	-	-	5,061	-	5,061	1.1
<i>Total outcome 2008-09</i>	<i>4,099</i>	-	-	<i>4,099</i>	-	<i>4,099</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The ATO does not have any differences between the resource information presented in the Budget Papers and Portfolio Budget Statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is planning a balanced budget in 2009-10 after income tax equivalents expense from the Australian Valuation Office (AVO).

Operating revenues

In 2009-10, total agency revenue is estimated to be \$3,075.4 million. This consists of government appropriation of \$3,027.9 million, revenue from other sources of \$43.5 million and resources received free of charge of \$4.0 million. Total agency revenue is estimated to increase by \$104.3 million in 2009-10 from 2008-09 estimated actual results, representing an increase in government appropriation of \$117.4 million due to measures, offset by a smaller decrease in revenue from other sources of \$13.1 million.

Operating expenses

In 2009-10, total expenses are estimated to be \$3,075.4 million. This consists of \$1,925.6 million in employees, \$1,003.3 million in suppliers and other expense, \$146.5 million in depreciation and amortisation.

Budgeted departmental balance sheet

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

Assets

The ATO's assets are predominantly non-financial assets. In 2009-10 the ATO will continue to maintain its commitment to long term improvement, investing \$129.5 million in capital expenditure. This represents an increase of \$16.5 million for total assets from the 2008-09 estimated actual results.

A significant proportion of the ATO's capital investment is directed toward the development or improvement of internally developed systems and software in support of the ATO's intention of making people's experience with the revenue systems easier, cheaper and more personalised, and improving the integrity and flexibility of the superannuation business systems.

Liabilities

The ATO's liabilities are predominantly employee entitlements. Total liabilities have increased \$20.4 million from 2008-09 estimated actual results. This represents an increase of \$26.2 million in employee entitlements, offset by a decrease of \$1.9 million in finance lease liabilities, \$3.9 million in suppliers and other liabilities.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	1,910,319	1,925,596	1,981,489	1,969,505	1,973,828
Supplier	1,016,663	1,002,778	993,155	991,171	994,265
Depreciation and amortisation	123,483	146,503	164,457	166,308	166,355
Other	598	528	542	565	586
Total expenses	3,051,063	3,075,405	3,139,643	3,127,549	3,135,034
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	56,358	43,302	39,140	39,123	39,925
Other revenue	504	200	200	200	200
Total revenue	56,862	43,502	39,340	39,323	40,125
Gains					
Other gains	3,750	4,000	4,250	4,250	4,250
Total gains	3,750	4,000	4,250	4,250	4,250
Total own-source income	60,612	47,502	43,590	43,573	44,375
Net cost of (contribution by)					
services	2,990,451	3,027,903	3,096,053	3,083,976	3,090,659
Appropriation revenue	2,910,451	3,027,903	3,096,053	3,083,976	3,090,659
Surplus (Deficit) attributable to the Australian Government	(80,000)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	26,840	28,447	26,762	26,135	25,497
Trade and other receivables	172,886	204,748	232,940	262,132	291,327
Total financial assets	199,726	233,195	259,702	288,267	316,824
Non-financial assets					
Land and buildings	165,215	163,842	162,478	160,285	158,092
Infrastructure, plant and equipment	76,873	72,740	68,758	64,794	60,786
Intangibles	428,208	416,733	399,904	379,360	356,516
Other	36,783	36,783	36,783	36,783	36,783
Total non-financial assets	707,079	690,098	667,923	641,222	612,177
Total assets	906,805	923,293	927,625	929,489	929,001
LIABILITIES					
Interest bearing liabilities					
Leases	32,662	30,751	30,751	30,751	30,751
Total interest bearing liabilities	32,662	30,751	30,751	30,751	30,751
Provisions					
Employees	631,776	657,961	657,748	657,730	657,730
Other	35,069	35,069	35,069	35,069	35,069
Total provisions	666,845	693,030	692,817	692,799	692,799
Payables					
Suppliers	226,229	222,479	222,655	222,849	222,999
Dividends	698	617	632	659	683
Other	5,283	5,213	5,227	5,250	5,271
Total payables	232,210	228,309	228,514	228,758	228,953
Total liabilities	931,717	952,090	952,082	952,308	952,503
Net assets	(24,912)	(28,797)	(24,457)	(22,819)	(23,502)
EQUITY					
Contributed equity	326,942	326,476	331,448	333,745	333,745
Reserves	63,404	63,404	63,404	63,404	63,404
Retained surpluses or accumulated deficits	(415,258)	(418,677)	(419,309)	(419,968)	(420,651)
Total equity	(24,912)	(28,797)	(24,457)	(22,819)	(23,502)
Current assets	297,432	302,840	304,261	304,872	304,712
Non-current assets	609,373	620,453	623,364	624,617	624,289
Current liabilities	710,900	726,445	726,439	726,611	726,760
Non-current liabilities	220,817	225,645	225,643	225,697	225,743

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	60,937	46,412	39,140	39,123	39,925
Appropriations	3,032,488	3,118,944	3,233,723	3,222,600	3,061,464
Interest	504	200	200	200	200
Other	98,380	89,819	84,790	84,790	84,790
Total cash received	3,192,309	3,255,375	3,357,853	3,346,713	3,186,379
Cash used					
Employees	1,966,947	2,031,695	2,127,630	2,113,131	1,973,828
Suppliers	1,000,436	1,009,720	1,008,663	1,010,935	989,865
Other	93,000	89,747	84,790	84,790	84,790
Income taxes paid	-	598	528	542	565
Total cash used	3,060,383	3,131,760	3,221,611	3,209,398	3,049,048
Net cash from or (used by) operating activities	131,926	123,615	136,242	137,315	137,331
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	199,237	129,522	142,282	139,607	137,310
Total cash used	199,237	129,522	142,282	139,607	137,310
Net cash from or (used by) investing activities	(199,237)	(129,522)	(142,282)	(139,607)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	71,823	8,212	4,972	2,297	-
Total cash received	71,823	8,212	4,972	2,297	-
Cash used					
Dividends paid	2,249	698	617	632	659
Total cash used	2,249	698	617	632	659
Net cash from or (used by) financing activities	69,574	7,514	4,355	1,665	(659)
Net increase or (decrease) in cash held	2,263	1,607	(1,685)	(627)	(638)
Cash at the beginning of the reporting period	24,577	26,840	28,447	26,762	26,135
Cash at the end of the reporting period	26,840	28,447	26,762	26,135	25,497

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	(415,258)	63,404	-	326,942	(24,912)
Adjusted opening balance	(415,258)	63,404		326,942	(24,912)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital dividends	(617)	-	-	-	(617)
Returns of capital restructuring	(2,802)	-	-	(8,678)	(11,480)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	8,212	8,212
Sub-total transactions with owners	(3,419)	-	-	(466)	(3,885)
Estimated closing balance as at 30 June 2010	(418,677)	63,404	-	326,476	(28,797)

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	72,580	24,544	4,972	2,297	-
Total capital appropriations	72,580	24,544	4,972	2,297	-
Represented by:					
Purchase of non-financial assets	69,694	8,212	4,972	4,972	-
Other	2,886	16,332	-	-	-
Total represented by	72,580	24,544	4,972	4,972	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	69,982	8,212	4,972	2,297	-
Funded internally from departmental resources	137,310	137,310	137,310	137,310	137,310
TOTAL	207,292	145,522	142,282	139,607	137,310

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements - Departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	207,374	114,029	853,273	1,174,676
less Accumulated depreciation/ amortisation	42,159	37,156	425,065	504,380
Opening net book balance	165,215	76,873	428,208	670,296
Asset movements				
Additions	25,140	12,150	92,232	129,522
less Depreciation/amortisation expense	26,513	16,283	103,707	146,503
Total asset movements	(1,373)	(4,133)	(11,475)	(16,981)
As at 30 June 2010				
Gross book value	232,514	126,179	945,505	1,304,198
less Accumulated depreciation/amortisation	68,672	53,439	528,772	650,883
Closing net book balance	163,842	72,740	416,733	653,315

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	197,870,000	190,860,000	196,840,000	215,770,000	235,530,000
Indirect tax	68,740,000	68,560,000	71,060,000	74,600,000	78,800,000
Other taxes, fees and fines	399,000	412,000	428,000	446,000	463,000
Total taxation	267,009,000	259,832,000	268,328,000	290,816,000	314,793,000
Non-taxation					
Other sources of non-taxation revenues	26,000	26,000	26,000	26,000	26,000
Total non-taxation	26,000	26,000	26,000	26,000	26,000
Total revenues administered on behalf of Government	267,035,000	259,858,000	268,354,000	290,842,000	314,819,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,811,000	5,786,000	6,264,000	6,523,000	6,947,000
Personal benefits	9,788,000	2,070,000	2,246,000	2,491,000	2,757,000
Suppliers	24,150	5,360	4,651	4,620	21
Write down and impairment of assets	4,410,000	4,525,000	4,710,000	4,915,000	5,125,000
Finance costs	523,000	330,000	330,000	330,000	330,000
Other	217,000	224,000	233,000	243,000	253,000
Total expenses administered on behalf of Government	20,773,150	12,940,360	13,787,651	14,506,620	15,412,021

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

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	268,018	268,018	268,018	268,018	268,018
Receivables	18,037,283	20,852,283	23,671,283	25,687,283	27,468,283
Accrued revenues	9,050,479	9,285,479	9,665,479	10,175,479	10,810,479
Total financial assets	27,355,780	30,405,780	33,604,780	36,130,780	38,546,780
Total assets administered on behalf of Government	27,355,780	30,405,780	33,604,780	36,130,780	38,546,780
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,377,018	1,407,018	1,427,018	1,432,018	1,442,018
Other provisions	386,146	396,146	387,146	388,146	390,146
Total provisions	1,763,164	1,803,164	1,814,164	1,820,164	1,832,164
Payables					
Subsidies	1,304,996	1,343,996	1,692,996	1,850,996	1,943,996
Personal benefits payable	3,945,182	2,430,432	2,566,432	2,805,432	3,070,432
Other payables	759,970	759,970	759,970	759,970	759,970
Total payables	6,010,148	4,534,398	5,019,398	5,416,398	5,774,398
Total liabilities administered on behalf of Government	7,773,312	6,337,562	6,833,562	7,236,562	7,606,562

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

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	261,456,000	252,287,000	260,439,000	283,380,000	307,262,000
Other	26,000	26,000	26,000	26,000	26,000
Total cash received	261,482,000	252,313,000	260,465,000	283,406,000	307,288,000
Cash used					
Borrowing costs	480,000	330,000	330,000	330,000	330,000
Subsidies paid	5,709,000	5,747,000	5,915,000	6,365,000	6,854,000
Personal benefits	10,421,250	3,584,750	2,110,000	2,252,000	2,492,000
Payments to suppliers	24,150	5,360	4,651	4,620	21
Other	302,000	214,000	242,000	242,000	251,000
Total cash used	16,936,400	9,881,110	8,601,651	9,193,620	9,927,021
Net cash from or (used by) operating activities	244,545,600	242,431,890	251,863,349	274,212,380	297,360,979
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	16,936,400	9,881,110	8,601,651	9,193,620	9,927,021
Total cash received	16,936,400	9,881,110	8,601,651	9,193,620	9,927,021
Cash used					
Cash to Official Public Account	261,482,000	252,313,000	260,465,000	283,406,000	307,288,000
Total cash used	261,482,000	252,313,000	260,465,000	283,406,000	307,288,000
Net cash from or (used by) financing activities	(244,545,600)	(242,431,890)	(251,863,349)	(274,212,380)	(297,360,979)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	268,018	268,018	268,018	268,018	268,018
Cash at end of reporting period	268,018	268,018	268,018	268,018	268,018

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.

Australian Valuation Office

The ATO's budget statements are consolidated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

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

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

Notes to the administered statements

The administered financial statements included in Tables 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards.

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

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

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

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the ATO and other relevant activities, gains control over the future

economic benefits that flow from taxes and other statutory charges – the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet reported, and are likely to be reported, to the ATO through an assessment or disclosure.

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

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

Items recognised as reductions to taxation revenue

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

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

COMMONWEALTH GRANTS COMMISSION

Section 1: Agency overview and resources	245
1.1 Strategic direction	245
1.2 Agency resource statement	246
1.3 Budget measures.....	246
1.4 Transition from outcomes and outputs to outcomes and programs	247
Section 2: Outcomes and planned performance	248
2.1 Outcomes and performance information	248
Section 3: Explanatory tables and budgeted financial statements	251
3.1 Explanatory tables	251
3.2 Budgeted financial statements	252

COMMONWEALTH GRANTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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 and health care grants. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered at the annual meeting of Ministerial Council for Commonwealth-State 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 from all origins. The table summarises how resources will be applied to the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	Total estimate 2009-10 \$'000	Estimated available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental carried forward	6,000 ³	-	6,000	-
Departmental appropriation	-	7,339 ¹	7,399	7,809
Receipts from other sources (s31)	-	8 ²	8	8
Total ordinary annual services	6,000	7,347	13,347	7,817
Total net resourcing for the Commission	6,000	7,347	13,347	7,817

1. Appropriation Bill (No. 1) 2009-10.

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

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

1.3 BUDGET MEASURES

The Commission does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the Commission's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants	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
Output Group 1.1: Commonwealth Grants Commission	Program 1.1: Commonwealth Grants Commission
Departmental Outputs: Output 1.1.1 Report on State revenue sharing relativities	Departmental item: Program support

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Australian Government agencies are required to measure their intended and actual performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Commission's outcome is described below specifying the strategy, program, objective, deliverables and 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

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 and health care grants are the major activity associated with this outcome. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2009.

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

Outcome 1 Budgeted expenses and resources

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

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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated actual expenses \$'000
Program 1.1: Commonwealth Grants Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	7,809	7,339
Revenues from independent sources (section 31)	8	8
Expenses not requiring appropriation in the Budget year	22	22
Total expenses for Outcome 1	7,839	7,369
	2008-09	2009-10
Average staffing level (number)	50	50

Contributions to Outcome 1

Program 1.1: Commonwealth Grants Commission

Program objective

The Commonwealth Grants Commission makes recommendations which are considered by Government on the distribution of the GST pool and health care grants.

Program expenses

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

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	7,839	7,369	5,552	5,484	5,551
Total departmental expenses	7,839	7,369	5,552	5,484	5,551

Program deliverables

The Commonwealth Grants Commission makes recommendations which are considered by government, on the distribution of the GST pool and health care grants.

Completion of the Report on State Revenue Sharing Relativities 2009 update for consideration by the Ministerial Council for Commonwealth-State Financial Relations.

Program key performance indicators

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys -						
Commonwealth Grants		-	-	-	-	-
Commission Special Account	1	-	-	-	-	-
Total special accounts						
2009-10 Budget estimate		-	-	-	-	-
Total special accounts						
2008-09 estimated actual		-	-	-	-	-

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 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: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	6,565	6,223	4,381	4,644	4,739
Supplier	1,194	1,066	1,091	760	732
Depreciation and amortisation	80	80	80	80	80
Total expenses	7,839	7,369	5,552	5,484	5,551
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	8	8	8	8	8
Total revenue	8	8	8	8	8
Gains					
Other gains	22	22	22	22	22
Total gains	22	22	22	22	22
Total own-source income	30	30	30	30	30
Net cost of (contribution by) services	7,809	7,339	5,522	5,454	5,521
Appropriation revenue	7,809	7,339	5,522	5,454	5,521
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	70	70	70	70	70
Trade and other receivables	6,018	6,021	6,024	6,027	6,032
Total financial assets	6,088	6,091	6,094	6,097	6,102
Non-financial assets					
Infrastructure, plant and equipment	371	371	371	371	371
Other	49	49	49	49	49
Total non-financial assets	420	420	420	420	420
Total assets	6,508	6,511	6,514	6,517	6,522
LIABILITIES					
Provisions					
Employees	1,380	1,405	1,429	1,451	1,506
Other	78	78	78	78	78
Total provisions	1,458	1,483	1,507	1,529	1,584
Payables					
Suppliers	233	211	190	171	121
Total payables	233	211	190	171	121
Total liabilities	1,691	1,694	1,697	1,700	1,705
Net assets	4,817	4,817	4,817	4,817	4,817
EQUITY					
Parent entity interest					
Contributed equity	917	917	917	917	917
Reserves	159	159	159	159	159
Retained surpluses or accumulated deficits	3,741	3,741	3,741	3,741	3,741
Total parent entity interest	4,817	4,817	4,817	4,817	4,817
Total equity	4,817	4,817	4,817	4,817	4,817
Current assets	6,137	6,140	6,143	6,146	6,151
Non-current assets	371	371	371	371	371
Current liabilities	1,337	1,335	1,333	1,332	1,326
Non-current liabilities	354	359	364	368	379

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	8	8	8	8	8
Appropriations	7,809	7,339	5,522	5,454	5,521
Total cash received	7,817	7,347	5,530	5,462	5,529
Cash used					
Employees	6,673	6,197	4,358	4,621	4,684
Suppliers	1,064	1,070	1,092	761	765
Total cash used	7,737	7,267	5,450	5,382	5,449
Net cash from or (used by) operating activities	80	80	80	80	80
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	80	80	80	80	80
Total cash used	80	80	80	80	80
Net cash from or (used by) investing activities	(80)	(80)	(80)	(80)	(80)
Net increase or (decrease) in cash held	-	-	-	-	-
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	70

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2009-10)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	3,741	159	-	917	4,817
Estimated closing balance as at 30 June 2010	3,741	159	-	917	4,817

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Total represented by	-	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	80	80	80	80	80
TOTAL	80	80	80	80	80

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	777	-	777
less Accumulated depreciation/amortisation	406	-	406
Opening net book balance	371	-	371
Asset movements			
Additions	80	-	80
less Depreciation/amortisation expense	80	-	80
Total asset movements	-	-	-
As at 30 June 2010			
Gross book value	857	-	857
less Accumulated depreciation/amortisation	486	-	486
Closing net book balance	371	-	371

3.2.4 Notes to the financial statements

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

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources	259
1.1 Strategic direction	259
1.2 Agency resource statement	260
1.3 Budget measures.....	260
1.4 Transition from outcomes and outputs to outcomes and programs	261
Section 2: Outcomes and planned performance	262
2.1 Outcomes and performance information	262
Section 3: Explanatory tables and budgeted financial statements	265
3.1 Explanatory tables	265
3.2 Budgeted financial statements	266

CORPORATIONS AND MARKETS ADVISORY COMMITTEE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Corporations and Markets Advisory Committee (CAMAC) is constituted under Part 9 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act). Its functions, as reflected in paragraph 1(1)(c) and section 148 of the *ASIC Act*, are to provide informed and expert advice to the Government about corporate, financial product and financial market matters, on its own initiative or when requested by the Minister. CAMAC seeks to promote a sound and effective regulatory environment through the provision of timely advice to the Minister about relevant policy and law design issues.

CAMAC's members are appointed by the Minister following consultation with State and Territory Governments. CAMAC is supported by specialist legal advice from its Legal Committee and by a full-time executive located in Sydney.

In the 2009-10 financial year, CAMAC will consider submissions and publish a report on members' schemes of arrangement.

CAMAC will also respond to requests for advice from the Government and keep under consideration other areas that may be suitable for review.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for CAMAC for 2009-10.

Table 1.1: Corporations and Markets Advisory Committee resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior + year amounts available in 2009-10 \$'000	Proposed at Budget = 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	190 ²	-	190	-
Departmental appropriation	-	1,045 ¹	1,045	1,031
Receipts from other sources (s31)	-	-	-	100
Total net resourcing for CAMAC	190	1,045	1,235	1,131

1. Appropriation Bill (No. 1) 2009-10.

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

1.3 BUDGET MEASURES

CAMAC does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to CAMAC's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget year	2009-10 Budget year
Outcome 1: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice
Output Group 1.1: Corporations and Markets Advisory Committee	Program 1.1: Corporations and Markets Advisory Committee
Departmental outputs: Output 1.1.1 Annual report and discussion papers Output 1.1.2 Recommendations and reports	Departmental items: Program support

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

All general Government sector entities are required to measure their intended and actual performance in terms of outcomes. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The CAMAC's outcome is described below specifying the strategy, program, objective, deliverables and 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;
- consider submissions on discussion papers; and
- develop recommendations for inclusion in reports to the Government.

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 by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Corporations and Markets Advisory Committee		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,031	1,045
Revenues from independent sources (section 31)	116	16
Total expenses for Outcome 1	1,147	1,061
	2008-09	2009-10
Average staffing level (number)	3	3

Contributions to Outcome 1

Program 1.1: Corporations and Markets Advisory Committee

Program objective

CAMAC focuses on legislation related to corporations and financial markets. Its operations involve either on its own initiative or at the request of the Government conducting 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 Australian Government in the form of CAMAC reports, containing detailed law reform recommendations, where appropriate.

Program expenses

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

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	1,147	1,061	1,067	1,082	1,071
Total departmental expenses	1,147	1,061	1,067	1,082	1,071

Program deliverables

CAMAC's deliverables are the publication of reports on:

- aspects of market integrity;
- members' schemes of arrangement; and
- publication of one or more discussion papers on new matters as they arise.

Program key performance indicators

CAMAC's key performance indicator is:

- timely advice to the Minister in the form of CAMAC reports and other papers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of CAMAC's finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

CAMAC does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 <i>2008-09</i>	Receipts 2009-10 <i>2008-09</i>	Payments 2009-10 <i>2008-09</i>	Adjustments 2009-10 <i>2008-09</i>	Closing balance 2009-10 <i>2008-09</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Entities and Trust Moneys - Corporations and Markets Advisory Committee Special Account	1	-	-	-	-	-
Total special accounts 2009-10 Budget estimate		-	-	-	-	-
Total special accounts 2008-09 estimated actual		-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

CAMAC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

CAMAC is budgeting for a break-even operating result for 2009-10.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	665	630	635	640	650
Suppliers	466	415	416	426	405
Depreciation and amortisation	15	15	15	15	15
Finance costs	1	1	1	1	1
Total expenses	1,147	1,061	1,067	1,082	1,071
LESS:					
OWN SOURCE INCOME					
Sale of goods and rendering of services	116	16	16	16	16
Total own-source income	116	16	16	16	16
Net cost of (contribution by) services	1,031	1,045	1,051	1,066	1,055
Appropriation revenue	1,031	1,045	1,051	1,066	1,055
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	71	71	71	71	71
Trade and other receivables	201	216	227	230	226
Total financial assets	272	287	298	301	297
Non-financial assets					
Land and buildings	5	4	3	2	1
Infrastructure, plant and equipment	78	84	90	96	102
Other	6	6	6	6	6
Total non-financial assets	89	94	99	104	109
Total assets	361	381	397	405	406
LIABILITIES					
Interest bearing liabilities					
Leases	6	16	21	18	8
Total interest bearing liabilities	6	16	21	18	8
Provisions					
Employees	233	242	252	262	272
Total provisions	233	242	252	262	272
Payables					
Suppliers	4	4	4	4	4
Other	25	26	27	28	29
Total payables	29	30	31	32	33
Total liabilities	268	288	304	312	313
Net assets	93	93	93	93	93
EQUITY					
Reserves	11	11	11	11	11
Retained surpluses or accumulated deficits	82	82	82	82	82
Total equity	93	93	93	93	93
Current assets	272	287	298	301	297
Non-current assets	89	94	99	104	109
Current liabilities	268	288	304	312	313
Non-current liabilities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	1,035	1,030	1,040	1,063	1,059
Other	145	39	40	41	40
Total cash received	1,180	1,069	1,080	1,104	1,099
Cash used					
Employees	656	621	625	630	640
Suppliers	449	389	395	413	399
Other	45	39	40	41	40
Total cash used	1,150	1,049	1,060	1,084	1,079
Net cash from or (used by) operating activities	30	20	20	20	20
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	20	20	20	20	20
Net cash from or (used by) investing activities	(20)	(20)	(20)	(20)	(20)
Net increase or (decrease) in cash held	10	-	-	-	-
Cash at the beginning of the reporting period	61	71	71	71	71
Cash at the end of the reporting period	71	71	71	71	71

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	82	11	-	-	93
Estimated closing balance as at 30 June 2010	82	11	-	-	93

Prepared on Australian Accounting Standards basis

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Total represented by	-	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	20	20	20	20	20
TOTAL	20	20	20	20	20

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	22	95	-	117
<i>less</i> Accumulated depreciation/amortisation	17	17	-	34
Opening net book balance	5	78	-	83
Asset movements				
Additions	-	20	-	20
<i>less</i> Depreciation/amortisation expense	1	14	-	15
Total asset movements	(1)	6	-	5
As at 30 June 2010				
Gross book value	22	115	-	137
<i>less</i> Accumulated depreciation/amortisation	18	31	-	49
Closing net book balance	4	84	-	88

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources	273
1.1 Strategic direction	273
1.2 Agency resource statement	274
1.3 Budget measures.....	274
1.4 Transition from outcomes and outputs to outcomes and programs	275
Section 2: Outcomes and planned performance	276
2.1 Outcomes and performance information	276
Section 3: Explanatory tables and budgeted financial statements	280
3.1 Explanatory tables	280
3.2 Budgeted financial statements	280

INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The outcome of the Inspector-General of Taxation (IGT) is improved tax administration through community consultation, review and independent advice to Government.

In 2008-09 the Inspector-General established a new work program for 2009-10 through a broad-based community consultation process. The Inspector-General's strategic direction for 2009-10 will aim to improve review process, timeliness and outcomes by:

- increasing opportunities for community input to reviews including drawing directly on contacts that contributed to the new work program;
- building on approaches that increase the ATO's involvement and contribution to review processes and outcomes; and
- continuing the selective use of external expertise and overseas comparisons to enhance capabilities and objectivity.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	2,097 ³	-	2,097	-
Departmental appropriation	-	2,190 ¹	2,190	2,167
Receipts from other sources (s31)	-	52 ²	52	52
Total net resourcing for the IGT	2,097	2,242	4,339	2,219

1. Appropriation Bill (No.1) 2009-10.

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

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

1.3 BUDGET MEASURES

The IGT does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the IGT's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: Improved administration of the tax laws for the benefit of all taxpayers	Outcome 1: Improved tax administration through community consultation, review and independent advice to Government
Output Group 1: Inspector-General of Taxation	Program 1: Inspector-General of Taxation
Departmental outputs: Output 1.1.1 Identification of issues for review and prioritisation of work program Output 1.1.2 Provision of independent advice to the government on the administration of the tax laws	Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

Outcome 1: Improved tax administration through community consultation, review and independent advice to Government

Outcome 1 Strategy

Key strategies to achieve Outcome 1 are:

- to undertake community consultation, research and other processes to identify and prioritise areas of tax administration that can be systemically improved;
- to call for submissions to review and to stimulate input by, for example, issuing discussion papers;
- to maintain a positive public profile for the IGT through participation in conferences and seminars;
- to build on approaches that increase the ATO's involvement and contribution to review processes and outcomes;
- to selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews; and
- to review identified areas and provide independent advice and recommendations to Government on improvements to the administration of the tax laws.

The major projects and activities expected to be commenced and/or completed during 2009-10 include:

- review into aspects of the ATO's settlement of active compliance activities;

Inspector-General of Taxation Budget Statements

- review into the implications of delayed or changed ATO advice on significant issues;
- review of the private rulings system;
- review into the ATO's administration of the Superannuation Guarantee Charge;
- review into the ATO's practices for finalising large company audits;
- review into the ATO's compliance focus on Small to Medium Enterprises;
- review into the efficiency of the ATO's compliance and regulatory approaches to Self Managed Super Funds;
- follow-up review into the ATO's implementation of agreed IGT recommendations; and
- where necessary, undertake priority reserve list reviews such as ATO governance arrangements and outsourced debt collection.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Improved tax administration through community consultation, review and independent advice to Government	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1: Inspector-General of Taxation		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,167	2,190
Revenues from independent sources (section 31)	72	70
less Revenue carried forward	(138)	-
Total expenses for Outcome 1	2,101	2,260
	2008-09	2009-10
Average staffing level (number)	7	7

Contributions to Outcome 1

Program 1: Inspector-General of Taxation

Program objective

The IGT has the following objectives:

- identify areas of tax administration where the community or other stakeholders believe that improvements should be made or issues reviewed. Prioritise areas for review in line with principles of good tax administration such as simplicity, transparency, efficiency and fairness, and within the IGT's resources and capability;
- consult with other agencies that review tax administration, particularly the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and to avoid unnecessary duplication in review programs;
- review the priority areas and issues including the systems established by the ATO to administer the tax laws and the systems established by tax laws in relation to administrative matters, to identify systemic issues and viable improvements;
- provide independent advice to the government on systemic issues relating to any aspect of tax administration and make recommendations on improvements; and
- follow-up on the implementation of agreed recommendations.

Program expenses

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

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental item	2,101	2,260	2,276	2,308	2,336
Total program expenses	2,101	2,260	2,276	2,308	2,336

Program deliverables

The IGT has the following deliverables:

- a program of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration; and
- six completed reviews incorporating independent advice to Government on systemic issues and/or viable improvements to tax administration.

Program key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and relevant Government agencies; and
- recommendations for systemic improvements in tax administration agreed and implemented by the ATO and/or the Government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT does not have any administered funds.

3.1.3 Australian Government Indigenous Expenditure

The IGT does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

For 2009-10, the IGT is expected to consist of a statutory office holder and six staff. The IGT relies upon the support and contribution to reviews of many in the private sector, particularly professional associations and business groups. External expertise is also to be used to supplement internal capabilities.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	1,232	1,269	1,307	1,318	1,321
Supplier	810	933	905	937	977
Depreciation and amortisation	59	58	64	53	38
Total expenses	2,101	2,260	2,276	2,308	2,336
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	54	52	52	52	52
Total revenue	54	52	52	52	52
Gains					
Other gains	18	18	18	18	18
Total gains	18	18	18	18	18
Total own-source income	72	70	70	70	70
Net cost of (contribution by)					
services	2,029	2,190	2,206	2,238	2,266
Appropriation revenue	2,167	2,190	2,206	2,238	2,266
Surplus (deficit) attributable to the Australian Government	138	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	70	73	86	101	101
Trade and other receivables	2,155	2,125	2,125	2,125	2,125
Total financial assets	2,225	2,198	2,211	2,226	2,226
Non-financial assets					
Infrastructure, plant and equipment	44	52	37	37	37
Other	-	24	24	24	24
Total non-financial assets	44	76	61	61	61
Total assets	2,269	2,274	2,272	2,287	2,287
LIABILITIES					
Provisions					
Employees	288	299	313	327	327
Other	74	60	45	45	45
Total provisions	362	359	358	372	372
Payables					
Suppliers	136	144	143	144	144
Total payables	136	144	143	144	144
Total liabilities	498	503	501	516	516
Net assets	1,771	1,771	1,771	1,771	1,771
EQUITY					
Reserves	8	8	8	8	8
Retained surpluses or accumulated deficits	1,763	1,763	1,763	1,763	1,763
Total equity	1,771	1,771	1,771	1,771	1,771
Current assets	320	101	114	129	129
Non-current assets	1,949	2,173	2,158	2,158	2,158
Current liabilities	240	249	252	257	246
Non-current liabilities	258	254	249	259	270

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,975	2,190	2,206	2,238	2,266
Other	58	52	52	52	52
Total cash received	2,033	2,242	2,258	2,290	2,318
Cash used					
Employees	1,219	1,258	1,293	1,304	1,321
Suppliers	814	970	880	933	959
Other					
Total cash used	2,033	2,228	2,173	2,237	2,280
Net cash from or (used by) operating activities	-	14	85	53	38
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	11	72	38	38
Total cash used	-	11	72	38	38
Net cash from or (used by) investing activities	-	(11)	(72)	(38)	(38)
Net increase or (decrease) in cash held	-	3	13	15	-
Cash at the beginning of the reporting period	70	70	73	86	101
Cash at the end of the reporting period	70	73	86	101	101

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2009-10)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	1,763	7	1	-	1,771
Estimated closing balance as at 30 June 2010	1,763	7	1	-	1,771

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Total represented by	-	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	38	38	38	38	38
TOTAL	38	38	38	38	38

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 2009				
Gross book value	-	373	-	373
less Accumulated depreciation/amortisation	-	295	-	295
Opening net book balance	-	78	-	78
Asset movements				
Additions	-	38	-	38
less Depreciation/amortisation expense	-	64	-	64
Total asset movements	-	(26)	-	(26)
As at 30 June 2010				
Gross book value	-	411	-	411
less Accumulated depreciation/amortisation	-	359	-	359
Closing net book balance	-	52	-	52

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources	287
1.1 Strategic direction	287
1.2 Agency resource statement	288
1.3 Budget measures.....	289
1.4 Transition from outcomes and outputs to outcomes and programs	289
Section 2: Outcomes and Performance information	290
2.1 Outcomes and performance information	290
Section 3: Explanatory tables and budgeted financial statements	294
3.1 Explanatory tables	294
3.2 Budgeted financial statements	295

NATIONAL COMPETITION COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Trade Practices Act 1974* (TPA) 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 TPA 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 TPA.

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.

During 2009-10 the NCC will continue to be closely involved in matters before the Australian Competition Tribunal arising from earlier decisions relating to the declaration of four Pilbara iron ore railways. The NCC also expects to receive up to 12 applications for the certification of state and territory access regimes. These will be primarily within the energy sector: most State and Territory governments are implementing revised gas and electricity access regimes for which they will seek certification.

Access regulation is a complex and evolving area of law involving significant private and public interests. In almost all cases the NCC must balance competing claims and interests with a view to ensuring an outcome that serves Australia's national interest. The NCC will continue to develop its capabilities to ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In particular the NCC will continue to revise its processes to ensure that its recommendations are provided within commercially meaningful time frames and in accordance with the TPA and the NGL.

The NCC has advocated amendments to the provisions of Part IIIA of the TPA which it considers will reduce the scope for delay and gaming of various regulatory processes and will continue to do so in 2009-10.

The NCC will continue to ensure its new upgraded websites and other information resources remain up to date and relevant.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

Table 1.1: National Competition Council resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	4,023 ²	-	4,023	-
Departmental appropriation	-	2,825 ¹	2,825	2,781
Total net resourcing for the NCC	4,023	2,825	6,848	2,781

1. Appropriation Bill (No. 1) 2009-10.

2. Estimated adjusted balance carried from previous year for Annual Appropriations.

Third party payments from and on behalf of other agencies

	2009-10 \$'000	2008-09 \$'000
Payments made on behalf of the NCC	2,825	2,781

Note: The Australian Competition and Consumer Commission provides financial services to the NCC and has drawdown access to manage the NCC's finances.

1.3 BUDGET MEASURES

Table 1.2: Agency 2009-10 Budget measures

The NCC does not have any 2009-10 Budget measures.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the NCC's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	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
Output Group 1.1: National Competition Council	Program 1.1: National Competition Council
Departmental outputs: Output 1.1.1 Advice provided to governments on infrastructure access issues	Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure

Outcome 1 Strategy

To achieve Outcome 1 the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including target timeframes) and good regulatory practice.

Pursuant to the *Trade Practices Act 1974* (TPA), 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 National Gas Law (NGL), the NCC provides recommendations to Ministers on the coverage of natural gas pipeline systems and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

Governments through the Council of Australian Governments have set a timetable for the States and Territories to submit applications for the certification of their existing access regimes by the end of 2010. They have also undertaken to achieve certification of new access regimes as soon as practicable.

In 2009-10 and 2010-11, the NCC will liaise with Government applicants to assist them in formulating certification applications and ensuring applications are properly considered and certified as appropriate.

The NCC will continue to improve its processes and the structure of its recommendation reports and decisions. It will also continue to develop its published

guidelines and other mechanisms for providing information to interested parties in relation to access regulation matters.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: National Competition Council		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,781	2,825
Revenue from independent sources (section 31)	1,355	-
Expenses not requiring appropriation in the Budget year	24	24
Expenses funded by prior year departmental carried forward	-	950
less Revenue carried forward	(1,355)	-
Total expenses for Outcome 1	2,805	3,799
Average staffing level (number)	13	12

Contributions to Outcome 1

Program 1.1: National Competition Council

Program objective

The NCC's objective is to provide advice to Governments and make decisions on infrastructure access issues that accord with statutory requirements (including target time limits) and good regulatory practice, and ensuring that advice meets the advice requirements of decision making Ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.

Program expenses

Program expenses are not expected to vary from those in the 2009-10 Budget in the forward years.

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-011 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	2,805	3,799	2,877	2,931	2,959
Total program expenses	2,805	3,799	2,877	2,931	2,959

Program deliverables

The NCC has the following deliverables:

- makes recommendations to Ministers pursuant to Part IIIA of the TPA 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;
- 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 29O(2) of the TPA.

Program key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time guidelines (target of 4 months) and meet advice requirements of Ministers;
- recommendations on certification applications made within statutory time guidelines (target of 6 months) 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;
- the NCC website provides accessible information on all access regulation matters for which the NCC is responsible;
- 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 s29O(2) 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 budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The 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 is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

An analysis of NCC's budgeted financial statements is provided below.

Budgeted departmental income statement

The NCC is budgeting for an operating deficit in 2009-10 of \$0.95 million.

Operating revenues

Total NCC revenue in 2009-10 is estimated to be \$2.8 million. This is approximately \$1.4 million less than the 2008-09 estimated actual.

Operating expenses

Total expenses in 2009-10 are estimated to be \$3.8 million. This is an increase of \$1 million from the 2008-09 estimated actual. This increase in operating expenses will arise because the NCC will be required to engage legal and expert witness for its third party access work, principally in relation to reviews by the Australian Competition Tribunal of four matters relating to previous NCC declaration recommendations. These matters are expected to be completed during 2009-10.

Budgeted departmental balance sheet

In 2009-10 the NCC's equity position will be positive \$4.2 million.

Assets

The NCC's assets are predominantly financial assets.

Liabilities

The NCC's liabilities are mainly employee entitlements. There is no significant movement in total liabilities from 2008-09.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	1,533	1,599	1,662	1,725	1,760
Supplier	1,232	2,160	1,175	1,166	1,159
Depreciation and amortisation	40	40	40	40	40
Total expenses	2,805	3,799	2,877	2,931	2,959
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	1,355	-	-	-	-
Total revenue	1,355	-	-	-	-
Gains					
Other gains	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	1,379	24	24	24	24
Net cost of (contribution by)					
services	1,426	3,775	2,853	2,907	2,935
Appropriation revenue	2,781	2,825	2,853	2,907	2,935
Surplus (deficit) attributable to the Australian Government	1,355	(950)	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	92	92	92	92	92
Trade and other receivables	5,414	4,464	4,464	4,464	4,464
Total financial assets	5,506	4,556	4,556	4,556	4,556
Non-financial assets					
Land and buildings	62	62	62	62	62
Infrastructure, plant and equipment	44	44	44	44	44
Other	5	5	5	5	5
Total non-financial assets	111	111	111	111	111
Total assets	5,617	4,667	4,667	4,667	4,667
LIABILITIES					
Provisions					
Employees	244	244	244	244	244
Other	20	20	20	20	20
Total provisions	264	264	264	264	264
Payables					
Suppliers	179	179	179	179	179
Total payables	179	179	179	179	179
Total liabilities	443	443	443	443	443
Net assets	5,174	4,224	4,224	4,224	4,224
EQUITY					
Reserves	179	179	179	179	179
Retained surpluses or accumulated deficits	4,995	4,045	4,045	4,045	4,045
Total equity	5,174	4,224	4,224	4,224	4,224
Current assets	5,511	4,561	4,561	4,561	4,561
Non-current assets	106	106	106	106	106
Current liabilities	290	290	290	290	290
Non-current liabilities	153	153	153	153	153

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,781	3,775	2,853	2,907	2,935
Total cash received	2,781	3,775	2,853	2,907	2,935
Cash used					
Employees	1,503	1,569	1,662	1,725	1,760
Suppliers	1,238	2,166	1,151	1,142	1,135
Total cash used	2,741	3,735	2,813	2,867	2,895
Net cash from or (used by) operating activities	40	40	40	40	40
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	40	40	40	40	40
Total cash used	40	40	40	40	40
Net cash from or (used by) investing activities	(40)	(40)	(40)	(40)	(40)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	92	92	92	92	92
Cash at the end of the reporting period	92	92	92	92	92

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	4,995	179	-	-	5,174
Adjusted opening balance	4,995	179	-	-	5,174
Income and expense					
Surplus (deficit) for the period	(950)	-	-	-	-
Total income and expenses recognised directly in equity	(950)	-	-	-	-
Estimated closing balance as at 30 June 2010	4,045	179	-	-	4,224

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Total represented by	-	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	40	40	40	40	40
TOTAL	40	40	40	40	40

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	82	52	-	134
<i>less</i> Accumulated depreciation/amortisation	20	8	-	28
Opening net book balance	62	44	-	106
Asset movements				
Additions		40		
<i>less</i> Depreciation/amortisation expense		40		
Total asset movements	-	-	-	-
As at 30 June 2010				
Gross book value	82	92	-	134
<i>less</i> Accumulated depreciation/amortisation	20	48	-	28
Closing net book balance	62	44	-	106

3.2.4 Notes to the financial statements

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

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Agency overview and resources	303
1.1 Strategic direction	303
1.2 Agency resource statement.....	304
1.3 Budget measures.....	304
1.4 Transition from outcomes and outputs to outcomes and programs	305
Section 2: Outcomes and planned performance	306
2.1 Outcomes and performance information	306
Section 3: Explanatory tables and budgeted financial statements	310
3.1 Explanatory tables	310
3.2 Budgeted financial statements	311

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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; and
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and to 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 2009-10 include:

- develop auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;
- contribute to and influence the development of international auditing standards; and
- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, and the role of auditing and assurance services.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AUASB for 2009-10.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	+	Proposed at Budget 2009-10 \$'000	=	Total estimate 2009-10 \$'000	=	Actual available appropriation 2008-09 \$'000
Ordinary annual services							
Departmental							
Prior year departmental carried forward	887	³	-		887		-
Departmental appropriation	-		1,126	¹	1,126		1,119
Receipts from other sources (s31)	-		656	²	656		28
Total ordinary annual services	A		887		1,782		1,147
Other services							
Departmental non-operating							
Equity injections	-		-		-		579
Total other services	B		-		-		579
Special accounts							
Opening balance ⁴	-		-		-		-
Appropriation receipts	-		376		376		900
Total special account	C		-		376		900
Total net resourcing for AUASB (A+B+C)			887		2,158		3,045
							2,626

1. Appropriation Bill (No. 1) 2009-10.

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

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

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

1.3 BUDGET MEASURES

The AUASB does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
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: 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
Output Group 1.1: Auditing and Assurance Standards Board	Program 1.1: Auditing and Assurance Standards Board
Departmental Outputs: Output 1.1.1 Making auditing standards under section 336 of the <i>Corporations Act 2001</i> and related guidance for use by Australian auditors who are undertaking audit engagements for the purpose of Corporations legislation Output 1.1.2 Formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing and assurance engagements for purposes other than the purposes of the Corporations legislation Output 1.1.3 To provide Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use	Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The AUASB's outcome is described below specifying the strategy, program, objective, deliverables and 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 for related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation;
- 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;
- to provide Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use; and
- The AUASB will continue its role in the development of auditing and assurance standards guidance, identifying emerging auditing and assurance issues and contributing to and influencing the development of international auditing standards.

Outcome 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Auditing and Auditing Assurance Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,119	1,126
Revenues from independent sources (section 31)	128	677
Special accounts	900	376
Total expenses for Outcome 1	2,147	2,179
	2008-09	2009-10
Average staffing level (number)	8	9

Contributions to Outcome 1

Program 1.1: Auditing and Assurance Standards Board

Program objective

Formulate and maintain Auditing Standards (ASAs) that are legally enforceable under the *Corporations Act* 2001 and maintain global practice including:

- completion of the redrafting of ASAs and ASQC1 with the release of the 'Clarity' suite of auditing standards by 31 October 2009 with implementation for reporting periods commencing 1 January 2010; and
- monitoring the implementation of the new auditing standards and providing feedback to IAASB.

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

- engagements to perform Agreed Upon Procedures;
- the audit of prospective information and fundraising; and
- assurance on internal control.

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:

- APRA and ASIC regulated areas;
- application of auditing standards in audits of 'Micro' entities – for example small not for profit entities;
- Standard Business Reporting (including XBRL) audit issues; and
- assurance guidance on sustainability including National Greenhouse and Energy Reporting.

Influence the development of international and national standards by liaising with IAASB and other national standard-setting organisations to contribute to improving the quality of global auditing and assurance standards.

Through research, communications and consultations to identify and respond to emerging issues on a timely basis, including participation in the early stages of the development of legislation and regulation to better define audit requirements.

Set communication objectives, clarify messaging, utilise effective methods, establish measurements and ensure transparency to continually improve communication with stakeholders.

Program expenses

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

Table 2.2 Program expenses

	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual departmental expenses:					
Departmental items	2,147	2,179	2,217	2,279	2,283
Total departmental expenses	2,147	2,179	2,217	2,279	2,283

Program deliverables

The AUASB has the following deliverables:

- prepare and publish auditing standards;
- prepare and publish new assurance standards and revisions to existing assurance standards; and
- contribution to international auditing and assurance standards.

Program key performance indicators

The AUASB has the following key performance indicators:

- issued auditing standards are of the highest quality, developed on a timely basis, are consistent with those developed by the IAASB and are based on the 'clarity' versions of International Standards on Auditing;
- issued assurance standards are of the highest quality and are developed on a timely basis;
- responses are made to all significant IAASB exposure drafts;
- technical support and assistance is provided to the IAASB; and
- emerging auditing and assurance issues are identified on a timely basis.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the AUASB's finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AUASB does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Auditing and Assurance Standards Board Special Account	1	-	376	376	-	-
		-	900	900	-	-
Total special accounts						
2009-10 Budget estimate		-	376	376	-	-
Total special accounts						
2008-09 estimated actual		-	900	900	-	-

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 differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The AASB is budgeting for a break-even operating result for 2009-10.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	1,309	1,364	1,364	1,364	1,364
Supplier	779	762	802	864	868
Depreciation and amortisation	51	44	42	42	42
Finance costs	8	9	9	9	9
Total expenses	2,147	2,179	2,217	2,279	2,283
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	28	32	32	32	32
Other revenue	980	1,000	1,000	1,000	1,000
Total revenue	1,008	1,032	1,032	1,032	1,032
Gains					
Other gains	20	21	21	21	21
Total gains	20	21	21	21	21
Total own-source revenue	1,028	1,053	1,053	1,053	1,053
Net cost of (contribution by)					
services	1,119	1,126	1,164	1,226	1,230
Appropriation revenue	1,119	1,126	1,164	1,226	1,230
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	887	943	1,006	1,069	1,132
Trade and other receivables	21	18	18	18	18
Total financial assets	908	961	1,024	1,087	1,150
Non-financial assets					
Infrastructure, plant and equipment	290	248	207	165	123
Intangibles	4	1	-	-	-
Other	42	36	31	24	18
Total non-financial assets	336	285	238	189	141
Total assets	1,244	1,246	1,262	1,276	1,291
LIABILITIES					
Provisions					
Employees	456	510	566	621	675
Other	367	327	287	246	207
Total provisions	823	837	853	867	882
Payables					
Suppliers	61	55	55	55	55
Other	38	32	32	32	32
Total payables	99	87	87	87	87
Total liabilities	922	924	940	954	969
Net assets	322	322	322	322	322
EQUITY					
Retained surpluses or accumulated deficits	322	322	322	322	322
Total equity	322	322	322	322	322
Current assets	908	961	1,024	1,087	1,150
Non-current assets	336	285	238	189	141
Current liabilities	555	597	653	708	762
Non-current liabilities	367	327	287	246	207

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	3	3	3	3
Appropriations	1,119	1,126	1,164	1,226	1,230
Other	1,008	1,029	1,029	1,029	1,029
Total cash received	2,127	2,158	2,196	2,258	2,262
Cash used					
Employees	1,036	1,309	1,309	1,308	1,309
Suppliers	783	793	824	887	890
Total cash used	1,819	2,102	2,133	2,195	2,199
Net cash from or (used by) operating activities	308	56	63	63	63
Net increase or (decrease) in cash held	308	56	63	63	63
Cash at the beginning of the reporting period	579	887	943	1,006	1,069
Cash at the end of the reporting period	887	943	1,006	1,069	1,132

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	322	-	-	-	322
Opening balance	322	-	-	-	322
Estimated closing balance as at 30 June 2010	322	-	-	-	322

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	579	-	-	-	-
Total capital appropriations	579	-	-	-	-
Represented by:					
Other	579	-	-	-	-
Total represented by	579	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	-	-	-	-	-
TOTAL	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	290	4	294
<i>less</i> Accumulated depreciation/amortisation	-	-	-
Opening net book balance	290	4	294
Asset movements			
Additions	-	-	-
<i>less</i> Depreciation/amortisation expense	42	3	45
Total asset movements	(42)	(3)	(45)
As at 30 June 2010			
Gross book value	290	4	294
<i>less</i> Accumulated depreciation/amortisation	42	3	45
Closing net book balance	248	1	249

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources	319
1.1 Strategic direction	319
1.2 Agency resource statement.....	320
1.3 Budget measures.....	320
1.4 Transition from outcomes and outputs to outcomes and programs	321
Section 2: Outcomes and planned performance	322
2.1 Outcomes and performance information	322
Section 3: Explanatory tables and budgeted financial statements	327
3.1 Explanatory tables	327
3.2 Budgeted financial statements	328

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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 standard 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 2009-10 include:

- issue Australian equivalents to the International Accounting Standards Board (IASB) standards, exposure drafts, invitations to comment and interpretations;
- retain a transaction neutral policy of standard setting;
- participate in ongoing IASB and International Public Sector Accounting Standards Board (IPSASB) research projects including extractive activities for the IASB and conceptual framework and service concessions for the IPSASB; and
- issue an exposure draft and standard on superannuation entity accounting; and establish a policy on the use of the IPSASB standards in Australia.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for AASB for 2009-10.

Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior ⁺ year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	= Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation carried forward	4,250	-	4,250	-
Departmental appropriation	-	3,115 ¹	3,115	1,494
Receipts from other sources (s31)	-	759 ²	759	2,401
Total ordinary annual services	A 4,250	3,874	8,124	3,895
Departmental non-operating				
Equity injections	-	-	-	3,688
Total other services	B -	-	-	3,688
Special Accounts				
Opening balance	-	-	-	-
Appropriation receipts	-	884	884	700
Total special accounts	C -	884	884	700
Total net resourcing for AASB (A+B+C)	4,250	4,758	9,008	8,283

1 Appropriation Bill (No.1) 2009-10

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

1.3 BUDGET MEASURES

The AASB does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all the general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
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: 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
Output Group 1.1: Australian Accounting Standards Board	Program 1.1: Australian Accounting Standards Board
<p>Departmental Outputs:</p> <p>Output 1.1.1 Making accounting standards under section 334 of the <i>Corporations Act 2001</i> for the purpose of the financial reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards</p> <p>Output 1.1.2 Formulating accounting standards for purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards</p> <p>Output 1.1.3 To provide Australian participation in, and contribution to, the development of a single set of accounting standards for world-wide use</p>	<p>Departmental items:</p> <p>Program support</p>

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The AASB's outcome is described below specifying the strategy, program, objective, deliverables and 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 and providing guidance on the interpretation of those standards;
- formulating accounting standards for purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation and providing guidance on the interpretation of those standards; and
- to provide Australian participation in, and contribution 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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Australian Accounting Standards Board		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,494	3,115
Revenues from independent sources (section 31)	2,417	781
Special accounts	700	884
<i>less</i> Revenue to be carried forward	365	-
Total expenses for Outcome 1	4,246	4,780
	2008-09	2009-10
Average staffing level (number)	23	24

Contributions to Outcome 1

Program 1: Australian Accounting Standards Board

Program objective

The objectives of the AASB are:

- ensure Australian for-profit entities complying with Australian Accounting Standards would also be complying with International Financial Reporting Standards (IFRSs);
- 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 IFRSs 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 region), the International Accounting Standards Board and the International Public Sector Accounting Standards Board;
- 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 graduate and secondment programs.

Program expenses

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

Table 2.2: Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	4,246	4,780	4,876	5,038	5,054
Total departmental expenses	4,246	4,780	4,876	5,038	5,054

Program deliverables

The AASB has the following deliverables:

- promulgate each International Financial Reporting Standard (IFRS) and IFRS amendment developed by the International Accounting Standards Board (IASB) into Australian Law;
- promulgate each standard to apply on a transition neutral basis to the extent feasible and develop specific standards to deal with non for profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standards setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.

Program key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments to be developed by the IASB are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements;
- regular consultation and liaison with a broad range of Australian constituents;
- accounting standards or compilations are lodged on the Federal Register of Legislative Instruments and are published on the AASB website within three days of finalisation;

Australian Accounting Standards Board Budget Statements

- responses are made to all significant IASB and IPSASB exposure drafts;
- host and/or attendance at National Standards Setters and Group Asian Oceanian Standard Setters Group meetings and participate in the work of the Trans Tasman Accounting and Auditing Standards Advisory Group; and
- developmental opportunities for accounting professionals, including recent graduates and secondments, are provided.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the AASB finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Australian						
Accounting Standards Board	1	-	884	884	-	-
Special account		-	700	700	-	-
Total special accounts						
2009-10 Budget estimate		-	884	884	-	-
Total special accounts						
2008-09 estimated actual		-	700	700	-	-

3.1.3 Australian Government Indigenous Expenditure

The AASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The AASB is budgeting for a break-even operating result for 2009-10.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	2,976	3,333	3,333	3,333	3,333
Supplier	1,117	1,305	1,401	1,563	1,579
Depreciation and amortisation	139	127	127	127	127
Finance costs	14	15	15	15	15
Total expenses	4,246	4,780	4,876	5,038	5,054
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	294	293	293	293	293
Other revenue	2,802	1,350	1,350	1,350	1,350
Total revenue	3,096	1,643	1,643	1,643	1,643
Gains					
Other gains	21	22	22	22	22
Total gains	21	22	22	22	22
Total own-source income	3,117	1,665	1,665	1,665	1,665
Net cost of (contribution by) services	1,129	3,115	3,211	3,373	3,389
Appropriation revenue	1,494	3,115	3,211	3,373	3,389
Surplus (deficit) attributable to the Australian Government	365	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,250	4,437	4,651	4,864	5,078
Trade and other receivables	49	42	42	42	42
Total financial assets	4,299	4,479	4,693	4,906	5,120
Non-financial assets					
Infrastructure, plant and equipment	553	429	306	182	58
Inventories	3	3	3	3	3
Intangibles	14	11	8	5	2
Other	76	66	56	46	36
Total non-financial assets	646	509	373	236	99
Total assets	4,945	4,988	5,066	5,142	5,219
LIABILITIES					
Provisions					
Employees	2,340	2,484	2,628	2,772	2,916
Other	607	541	475	407	340
Total provisions	2,947	3,025	3,103	3,179	3,256
Payables					
Suppliers	59	21	21	21	21
Other	63	66	66	66	66
Total payables	122	87	87	87	87
Total liabilities	3,069	3,112	3,190	3,266	3,343
Net assets	1,876	1,876	1,876	1,876	1,876
EQUITY					
Retained surpluses or accumulated deficits	1,876	1,876	1,876	1,876	1,876
Total equity	1,876	1,876	1,876	1,876	1,876
Current assets	4,299	4,479	4,693	4,907	5,121
Non-current assets	646	509	372	235	99
Current liabilities	2,462	2,571	2,716	2,860	3,003
Non-current liabilities	607	541	474	406	340

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,901	67	67	67	67
Appropriations	1,348	3,115	3,211	3,373	3,389
Other	1,759	1,576	1,576	1,576	1,576
Total cash received	5,008	4,758	4,854	5,016	5,032
Cash used					
Employees	3,179	3,199	3,199	3,199	3,199
Suppliers	1,270	1,372	1,441	1,604	1,619
Total cash used	4,449	4,571	4,640	4,803	4,818
Net cash from or (used by) operating activities	559	187	214	213	214
Net increase or (decrease) in cash held	559	187	214	213	214
Cash at the beginning of the reporting period	3,691	4,250	4,437	4,651	4,864
Cash at the end of the reporting period	4,250	4,437	4,651	4,864	5,078

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of
movement (Budget year 2009-10)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	1,876	-	-	-	1,876
Opening balance	1,876	-	-	-	1,876
Estimated closing balance as at 30 June 2010	1,876	-	-	-	1,876

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	3,688	-	-	-	-
Total capital appropriations	3,688	-	-	-	-
Represented by:					
Other	3,688	-	-	-	-
Total represented by	3,688	-	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	-	-	-	-	-
TOTAL	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2009			
Gross book value	553	14	567
less Accumulated depreciation/amortisation	-	-	-
Opening net book balance	553	14	567
Asset movements			
Additions	-	-	-
less Depreciation/amortisation expense	124	3	127
Total asset movements	(124)	(3)	(127)
As at 30 June 2010			
Gross book value	553	14	567
less Accumulated depreciation/amortisation	124	3	-
Closing net book balance	429	11	440

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources	335
1.1 Strategic direction	335
1.2 Agency resource statement	337
1.3 Budget measures	337
1.4 Transition from outcomes and outputs to outcomes and programs	338
Section 2: Outcomes and planned performance	339
2.1 Outcomes and performance information	339
Section 3: Explanatory tables and budgeted financial statements	342
3.1 Explanatory tables	342
3.2 Budgeted financial statements	343

PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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 extends to the public and private sectors, including areas of State, Territory and local government, as well as federal responsibility.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis that takes a community-wide perspective rather than just the interest of 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 2009-10 and the forward years will be integral to the national reform agenda. The Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research program. Commissioned projects currently underway and carrying over into 2009-10 include inquiries into *Australia's anti-dumping and countervailing system*, *Executive Remuneration in Australia* and *Gambling*; as well as studies of the *Contribution of the Not for Profit Sector*, a continuation of the *Performance Benchmarking of Australian Business Regulation* study currently looking at occupational health and safety and food safety regulation; and an ongoing *Review of Regulatory Burdens on Business* that is currently focused on social and economic infrastructure services.

Productivity Commission Budget Statements

Several of the abovementioned commissioned projects have been initiated by the Council of Australian Governments (COAG). The Commission is also working with Australia's jurisdictions in respect of standing research responsibilities and specific projects. In particular, the Commission is providing cross-jurisdictional reporting to COAG on performance of government services and indicators of Indigenous disadvantage and preparing a biennial publication focussing on the performance of government trading enterprises.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. Its function is to receive and investigate complaints and provide advice to the Assistant Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a statutory mandate to undertake research to complement its other activities. The supporting research program includes work on productivity performance and its determinants, environmental and resources management, labour markets (including social dimensions) and development of economic models and frameworks. The Commission's most recent research reports and staff working papers released in 2008-09 include *Trend in Aged Care Service: some implications*, *Public Infrastructure Financing: An International Perspective* and *Investments in Intangible Assets and Australia's Productivity Growth*. A full list of the Commission's research reports and Staff Working Papers is provided on the Commission's website.

The Commission has received \$13.7 million over five years as part of a new measure 'COAG decision - implementing the COAG federal financial framework - expanded roles'. This funding will enable the Commission to:

- undertake data development, modelling and analysis to report on the economic impacts and benefits of COAG's agreed reform agenda;
- prepare and report performance information on Specific Purpose Payments to the COAG Reform Council; and
- provide secretariat services to the Steering Committee for the Report on Expenditure on Services to Indigenous Australians.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation carried forward	10,314 ³	-	10,314	
Departmental appropriation	-	34,561 ¹	34,561	30,753
Receipts from other sources (s31)	-	10 ²	10	265
Total ordinary annual services	A 10,314	34,571	44,885	31,018
Other services				
Departmental non-operating				
Previous years' outputs	-	868	868	-
Total other services	B -	868	868	-
Total net resourcing for Productivity Commission (A+B)	10,314	35,439	45,753	31,018

1. Appropriation Bill (No. 1) 2009-10.

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

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

1.3 BUDGET MEASURES

Budget measures relating to the Commission are detailed in Budget Paper No. 2, *Budget Measures 2009-10* and are summarised below.

Table 1.2: Productivity Commission 2009-10 Budget measures

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures					
COAG decision - implementing the COAG federal financial framework - expanded roles	1.1	868	3,441	3,365	3,052
				3,052	3,011

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups, to the program reporting framework used for the 2009-10 Budget.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
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: 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
Output Group 1.1: Productivity Commission	Program 1.1: Productivity Commission
Departmental outputs: Output 1.1.1 Government commissioned projects Output 1.1.2 Performance reporting and other services to government bodies Output 1.1.3 Competitive neutrality complaints activities Output 1.1.4 Supporting research and activities and annual reporting	Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Commission's outcome is described below specifying the strategy, program, objective, deliverables and 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 *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 1 Budgeted expenses and resources

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

Table 2.1: Budgeted expenses and resources 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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1: Productivity Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	30,753	34,561
Revenues from independent sources (section 31)	265	10
Previous years' outputs	868	-
Expenses not requiring appropriation in the budget year	33	33
Total expenses for Outcome 1	31,919	34,604
	2008-09	2009-10
Average staffing level (number)	184	190

Contributions to Outcome 1

Program 1.1: Productivity Commission

Program objective

The Commission's objective is to contribute to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective

Program expenses

The increase in expenses from 2009-10 is primarily due to the full year effect of the Commission's 2009-10 Budget measure.

Table 2.2 Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	31,919	34,604	35,100	35,128	35,432
Total departmental expenses	31,919	34,604	35,100	35,128	35,432

Program 1.1 Deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on *Australia's anti-dumping and countervailing system*), and reports concerning other commissioned work (such as the continuation of the *Performance Benchmarking of Australian Business Regulation* study);
- government services performance reports including Australian Government/State/Territory service provision, key indicators of Indigenous disadvantage, Indigenous expenditure report, performance monitoring and research on government trading enterprises;
- investigation of competitive neutrality complaints and associated activities such as research, advice and education; and
- statutory annual reporting including the Trade and Assistance Review; Commission research and staff working papers prepared in support of the Commission's inquiry program and to contribute to better understanding of public policy issues; and associated activities such as submissions, conference reports and speeches delivered by the Chairman, Commissioners and Commission staff.

Program 1.1 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 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Table 3.1.1: Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

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

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Account	1	-	-	-	-	-
		-	-	-	-	-
Services for other Governments and Non- Agency Bodies Account	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts						
2009-10 Budget estimate		-	-	-	-	-
Total special accounts 2008-09 estimated actual		-	-	-	-	-

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Productivity Commission						
Outcome 1							
Departmental 2009-10	2,068	-	-	2,068	-	2,068	1.1
<i>Departmental 2008-09</i>	<i>1,340</i>	-	-	<i>1,340</i>	-	<i>1,340</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is no difference between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2009-10 and the forward estimate years. The increase in revenue in 2009-10 is primarily a consequence of the full-year effect of the 2009-10 Budget measure. There is a corresponding increase in operating expenses.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	22,772	24,991	25,482	25,527	25,718
Supplier	8,183	8,648	8,651	8,666	8,779
Depreciation and amortisation	935	935	935	935	935
Finance costs	29	30	32	-	-
Total expenses	31,919	34,604	35,100	35,128	35,432
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	265	10	10	10	10
Total revenue	265	10	10	10	10
Gains					
Other gains	33	33	33	33	33
Total gains	33	33	33	33	33
Total own-source income	298	43	43	43	43
Net cost of (contribution by) services	31,621	34,561	35,057	35,085	35,389
Appropriation revenue	31,621	34,561	35,057	35,085	35,389
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	249	264	269	269	269
Trade and other receivables	10,274	10,981	10,620	11,255	12,340
Total financial assets	10,523	11,245	10,889	11,524	12,609
Non-financial assets					
Land and buildings	3,827	3,362	3,396	3,146	2,554
Infrastructure, plant and equipment	933	852	800	581	248
Intangibles	50	39	28	12	2
Other	475	475	475	475	475
Total non-financial assets	5,285	4,728	4,699	4,214	3,279
Total assets	15,808	15,973	15,588	15,738	15,888
LIABILITIES					
Provisions					
Employees	7,612	7,747	7,900	8,050	8,200
Other	508	538	-	-	-
Total provisions	8,120	8,285	7,900	8,050	8,200
Payables					
Suppliers	623	623	623	623	623
Total payables	623	623	623	623	623
Total liabilities	8,743	8,908	8,523	8,673	8,823
Net assets	7,065	7,065	7,065	7,065	7,065
EQUITY					
Contributed equity	2,858	2,858	2,858	2,858	2,858
Reserves	1,725	1,725	1,725	1,725	1,725
Retained surpluses or accumulated deficits	2,482	2,482	2,482	2,482	2,482
Total equity	7,065	7,065	7,065	7,065	7,065
Current assets	10,998	11,720	11,364	11,999	13,084
Non-current assets	4,810	4,253	4,224	3,739	2,804
Current liabilities	8,210	8,366	7,970	8,109	8,249
Non-current liabilities	533	542	553	564	574

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	265	10	10	10	10
Appropriations	30,535	33,854	35,418	34,450	34,304
Total cash received	30,800	33,864	35,428	34,460	34,314
Cash used					
Employees	22,672	24,856	25,329	25,377	25,568
Suppliers	8,150	8,615	9,188	8,633	8,746
Total cash used	30,822	33,471	34,517	34,010	34,314
Net cash from or (used by) operating activities	(22)	393	911	450	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	17	378	906	450	-
Total cash used	17	378	906	450	-
Net cash from or (used by) investing activities	(17)	(378)	(906)	(450)	-
FINANCING ACTIVITIES					
Net increase or (decrease) in cash held	(39)	15	5	-	-
Cash at the beginning of the reporting period	288	249	264	269	269
Cash at the end of the reporting period	249	264	269	269	269

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	2,482	1,725	-	2,858	7,065
Estimated closing balance as at 30 June 2010	2,482	1,725	-	2,858	7,065

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Previous years' outputs	-	868	-	-	-
Total capital appropriations	-	868	-	-	-
Represented by:					
Other	-	868	-	-	-
Total represented by	-	868	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources	17	378	906	450	-
TOTAL	17	378	906	450	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: statement of asset movements — departmental

	Buildings	Other Infrastructure, Plant & Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	4,855	1,690	476	7,021
less Accumulated depreciation/ amortisation	1,028	757	426	2,211
Opening net book balance	3,827	933	50	4,810
Asset movements				
Additions	127	246	5	378
less Depreciation/amortisation expense	592	327	16	935
Subtotal	(465)	(81)	(11)	(557)
As at 30 June 2010				
Gross book value	4,982	1,936	481	7,399
less Accumulated depreciation/ amortisation	1,620	1,084	442	3,146
Closing net book balance	3,362	852	39	4,253

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources	351
1.1 Strategic direction	351
1.2 Agency resource statement	352
1.3 Budget measures	353
1.4 Transition from outcomes and outputs to outcomes and programs	353
Section 2: Outcomes and planned performance	354
2.1 Outcomes and performance information	354
Section 3: Explanatory tables and budgeted financial statements	358
3.1 Explanatory tables	358
3.2 Budgeted financial statements	359

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Royal Australian Mint (the Mint) was officially opened in 1965 and is currently a prescribed agency operating under the *Financial Management and Accountability Act 1997*. The Mint's role is to produce circulating and numismatic coins. Its vision is to achieve excellence as a sustainable world class mint. By manufacturing quality coinage, the Mint is contributing to the economic objectives of the government and the people of Australia, including coin collectors. The Mint is also the custodian of the National Coin Collection and provides educational and tourist services to local and overseas residents.

To achieve sustainability and excellence, the Mint is implementing a number of new technological projects which will allow the Mint to meet and manage the dual challenges of an ageing workforce and the need for continuous improvement in productivity.

The Mint's immediate focus for 2009-10 is to complete the major projects commenced in earlier financial years. The Mint is a purpose built and landmark building. A major refurbishment of the building is scheduled for completion during the financial year. In conjunction, ageing services and facilities are being upgraded, including fully integrated and automated manufacturing and IT systems.

The Mint will continue to develop a multi skilled and flexible workforce to facilitate achievement of the expected outcomes from the implementation of the new technological processes. The training and development of staff will take priority given the complexities and rapid change the Mint is undertaking. Due to competition for skills in a unique labour market, the Mint needs to commit to the long term development of staff. Some of the skill sets required in the minting industry are indeed unique and need to be grown from within the organisation.

New circulating coin supply agreements to be implemented with the commercial banks will see the Mint better equipped to manage its production capacity and scheduling.

The Mint relies on a growing economy to stimulate demand; the uncertain economic conditions therefore constitute the Mint's most significant challenge in 2009-10. The Mint will continue to implement measures to mitigate the impact of the global

financial crisis on changing demand patterns for both circulating and numismatic coins.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior year amounts available in 2009-10 \$'000	Estimate of prior year amounts available in 2009-10 \$'000	Proposed at Budget =	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
Other services					
Departmental non-operating					
Equity injections	8,000		175 ¹	8,175	9,979
Total appropriations excluding special accounts	A	8,000	175	8,175	9,979
Special accounts					
Opening balance	28,964 ²		-	28,964	
Appropriation receipts	-		8,175	8,175	29,098
Non-appropriation receipts to special accounts	-		162,917	162,917	210,131
Total special account	B	28,964	171,092	200,056	239,229
Total resourcing (A+B)		36,964	171,267	208,231	249,208
Less appropriations drawn from equity injections above and credited to special accounts	-		8,175	8,175	29,098
Total net resourcing for the the Mint		36,964	163,092	200,056	220,110

1. Appropriation Bill (No. 2) 2009-10.

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

1.3 BUDGET MEASURES

Table 1.2: Royal Australian Mint Agency 2009-10 Budget measures

The Mint does not have any Budget measures for 2009-10.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all general Government sector entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget which was presented in outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to the Mint's outcome statement under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget	2009-10 Budget
Outcome 1: Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries	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
Output Group 1.1: Royal Australian Mint	Program 1.1: Royal Australian Mint
Departmental outputs: Output 1.1.1 Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice Output 1.1.2 Manufacture and sale of circulation coins for foreign countries Output 1.1.3 Production and sale of collector coins and other minted and like products for Australian and other clients Output 1.1.4 Provide gallery and visitor services	Administered items: Warehousing, sale and distribution of circulating coins Departmental items: Program support

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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Mint's outcome is described below specifying the strategy, program, objective, deliverables and 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;
- establish and maintain an Australian circulating coin buffer stock;
- provide advice to the Treasury and Government on coin related issues;
- develop and produce quality corporate products; and
- develop and produce profitable numismatic products which meet and exceed customer expectations.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above.

- delivering an education program to local residents through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and

- maintaining Australia's National Coin Collection.

Outcome 1 Budgeted expenses and resources

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

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	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	-	62,046
Departmental expenses		
Special accounts	82,366	81,325
Expenses not requiring appropriation in the budget year	88	9
Total expenses for Outcome 1	82,454	143,380
	2008-09	2009-10
Average staffing level (number)	201	195

Note. Effective from 1 July 2009, the Mint's circulating coin finished goods inventory will be reclassified as an administered rather than departmental asset (also refer to Section 3.2.4 Notes to Financial Statements — Administered).

Contributions to outcome 1

Program 1.1: Royal Australian Mint

Program objective

To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.

Program expenses

The costs of production, warehousing and distribution of minted circulating coins are dependent on the demand for circulating coin by the Reserve Bank of Australia and Australian commercial banks. The reduction in administered expenses in the 2010-11 and 2011-12 reflects expected declines in demand for circulating coin.

Table 2.2 Program expenses

	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Administered Items					
Special account expenses:					
Minting and Coinage Special Account	-	62,046	52,774	50,169	50,169
Total program expenses	-	62,046	52,774	50,169	50,169
Departmental Items					
Special Account Expenses:					
Minting and Coinage Special Account	82,454	81,334	68,672	66,305	66,305
Expenses not requiring appropriation in the budget year	88	9	8	8	8
Total departmental expenses	82,542	81,343	68,680	66,313	66,313

Program deliverables

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;
- maintain minted Australian circulating coin inventory within agreed buffer stock parameters;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational program to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Program key performance indicators

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- all numismatic sales meet or exceed cost of production;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programs align with relevant school curricula; and
- increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses and movements in special accounts.

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 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	28,964 18,588	171,092 239,230	165,617 228,854	- -	34,439 28,964
Total special accounts						
2009-10 Budget estimate		28,964	171,092	165,617	-	34,439
Total special accounts 2008-09 estimated actual		18,588	239,230	228,854	-	28,964

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 significant differences between the resource information presented in the Budget Papers and the Portfolio Budget Statements as a result of differences between whole of government level financial reporting (under Australian Accounting Standard 1049) and entity level financial reporting.

3.2.2 Analysis of budgeted financial statements

There is a decrease in the estimated actual from 2008-09 departmental surplus attributable to the Australian Government in the 2009-10 budgeted financial statements compared to the 2008-09 Portfolio Budget Statements due to reduced demand for circulating coins; a decline in demand for collector coins as a result of the global financial crisis; and increased production costs due to rising metal prices. Consistent with the decreases in the departmental surplus, there is a significant decrease in the administered seigniorage income (that is the difference between the face value of circulating coin sold and its cost of production, warehousing and distribution).

Despite the decline in net income in the 2009-10 budgeted financial statements compared with the 2008-09 Portfolio Budget Statements, there is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to the reductions in estimated trade and other receivables as the Mint draws down its capital appropriation receivables to meet capital expenditure for the major refurbishment, and fully integrated and automated manufacturing and IT systems.

As noted in section 2.1, effective from 1 July 2009 the Mint's minted circulating coin inventory is reclassified as an administered rather than departmental asset resulting in a \$13.6 million reduction in the Mint's departmental inventory and contributed equity. Offsetting this reduction in departmental inventory is a corresponding \$20 million increase in the 2009-10 administered assets, which includes a \$6.3 million net increase in minted coin inventory during 2009-10.

The targeted \$20 million buffer stock level, which has been established to ensure that the Mint can meet unexpected demand for coins and maximise production efficiency is expected to be achieved by 30 June 2010, with administered inventory levels remaining constant after that date as the Mint produces to replenish the agreed buffer stock holding.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	14,514	15,458	14,222	13,511	13,511
Supplier	64,656	59,755	45,520	43,864	43,864
Depreciation and amortisation	2,253	5,324	8,134	8,134	8,134
Write-down and impairment of assets	3	2	2	2	2
Losses from asset sales	85	7	6	6	6
Other	943	788	788	788	788
Total expenses	82,454	81,334	68,672	66,305	66,305
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	81,732	81,031	68,369	66,075	66,075
Interest	493	-	-	-	-
Other revenue	68	142	142	142	142
Total revenue	82,293	81,173	68,511	66,217	66,217
Gains					
Other gains	161	161	161	88	88
Total gains	161	161	161	88	88
Total own-source income	82,454	81,334	68,672	66,305	66,305
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	28,525	34,000	34,888	34,153	36,433
Trade and other Receivables	9,289	1,289	1,289	1,289	1,289
Tax assets	895	895	895	895	895
Total financial assets	38,709	36,184	37,072	36,337	38,617
Non-financial assets					
Infrastructure, plant and equipment	55,254	65,429	65,429	65,429	65,429
Inventories	36,910	9,083	9,083	9,083	9,083
Intangibles	181	8,181	8,181	8,181	8,181
Other	12,630	12,630	12,581	14,113	12,630
Total non-financial assets	104,975	95,323	95,274	96,806	95,323
Total assets	143,684	131,507	132,346	133,143	133,940
LIABILITIES					
Provisions					
Employees	4,608	5,519	6,358	7,155	7,951
Total provisions	4,608	5,519	6,358	7,155	7,951
Payables					
Suppliers	2,383	2,384	2,384	2,384	2,385
Tax liabilities	1,420	1,420	1,420	1,420	1,420
Other	34	34	34	34	34
Total payables	3,837	3,838	3,838	3,838	3,839
Total liabilities	8,445	9,357	10,196	10,993	11,790
Net assets	135,239	122,150	122,150	122,150	122,150
EQUITY					
Contributed equity	83,222	70,133	70,133	70,133	70,133
Reserves	34,954	14,954	14,954	14,954	14,954
Retained surpluses or accumulated deficits	17,063	37,063	37,063	37,063	37,063
Total equity	135,239	122,150	122,150	122,150	122,150
Current assets	78,046	47,694	48,582	47,847	50,127
Non-current assets	65,638	83,813	83,764	85,296	83,813
Current liabilities	5,503	5,966	6,391	6,796	7,200
Non-current liabilities	2,942	3,391	3,805	4,197	4,590

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	209,639	162,917	148,958	142,336	142,336
Interest	493	-	-	-	-
Total cash received	210,132	162,917	148,958	142,336	142,336
Cash used					
Employees	13,546	14,547	13,383	12,713	12,715
Suppliers	176,550	127,562	126,545	122,216	122,214
Total cash used	190,096	142,109	139,928	134,929	134,929
Net cash from or (used by) operating activities	20,036	20,808	9,030	7,407	7,407
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	38,319	23,508	8,142	8,142	8,142
Total cash used	38,319	23,508	8,142	8,142	8,142
Net cash from or (used by) investing activities	(38,319)	(23,508)	(8,142)	(8,142)	(8,142)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	29,098	8,175	-	-	-
Total cash received	29,098	8,175	-	-	-
Net cash from or (used by) financing activities	29,098	8,175	-	-	-
Net increase or (decrease) in cash held	10,815	5,475	888	(735)	(735)
Cash at the beginning of the reporting period	18,149	28,964	34,439	35,327	34,592
Cash at the end of the reporting period	28,964	34,439	35,327	34,592	33,857

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	17,063	14,954	20,000	83,222	135,239
Adjusted opening balance	17,063	14,954	20,000	83,222	135,239
Transactions with owners					
Distribution to owners					
Returns of capital restructuring	-	-	-	(13,264)	(13,264)
Contribution by owners					
Appropriation (equity injection)	-	-	-	175	175
Subtotal transactions with owners	-	-	-	(13,089)	(13,089)
Transfers between equity components	20,000	-	(20,000)	-	-
Estimated closing balance as at 30 June 2010	37,063	14,954	-	70,133	122,150

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2008-09	2009-10	2010-11	2011-12	2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	9,979	175	-	-	-
Total capital appropriations	9,979	175	-	-	-
Represented by:					
Purchase of non-financial assets	9,979	175	-	-	-
Total represented by	9,979	175	-	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	9,979	175	-	-	-
Funded internally from departmental resources	28,340	23,333	8,142	8,142	8,142
TOTAL	38,319	23,508	8,142	8,142	8,142

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009				
Gross book value	20,310	39,264	2,535	62,109
less Accumulated depreciation/amortisation	170	4,150	2,354	6,674
Opening net book balance	20,140	35,114	181	55,435
Asset movements				
Additions	11,778	2,945	8,785	23,508
less Depreciation/amortisation expense	181	4,358	785	5,324
less Disposals	-	7	-	7
less Other	-	2	-	2
Total asset movements	11,597	(1,422)	8,000	18,175
As at 30 June 2010				
Gross book value	32,088	42,204	11,320	85,612
less Accumulated depreciation/amortisation	351	8,508	3,139	11,998
Closing net book balance	31,737	33,692	8,181	73,610

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Goods and services	129,512	150,573	138,527	131,601	131,601
Total non-taxation	129,512	150,573	138,527	131,601	131,601
Total revenues administered on behalf of Government	129,512	150,573	138,527	131,601	131,601
Total income administered on behalf of Government	129,512	150,573	138,527	131,601	131,601
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	-	62,046	52,774	50,169	50,169
Total expenses administered on behalf of Government	-	62,046	52,774	50,169	50,169

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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-financial assets					
Inventories	-	19,996	19,996	19,996	19,996
Total non-financial assets	-	19,996	19,996	19,996	19,996
Total assets administered on behalf of Government	-	19,996	19,996	19,996	19,996
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	15	15	15	15	15
Total payables	15	15	15	15	15
Total liabilities administered on behalf of Government	15	15	15	15	15

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (Seigniorage)	129,512	88,527	85,753	81,432	81,432
Total cash received	129,512	88,527	85,753	81,432	81,432
Net cash from or (used by) operating activities	129,512	88,527	85,753	81,432	81,432
Net increase or (decrease) in cash held	129,512	88,527	85,753	81,432	81,432
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for: - special accounts	129,512	88,527	85,753	81,432	81,432
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 non-financial capital assets.

Table 3.2.11: Schedule of asset movements — administered

The Mint has no administered non-financial capital assets.

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 coin, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependant upon the demand for such products by the Reserve Bank of Australia, Australian commercial banks 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.

From 1 July 2009 circulating coin finished goods inventory has been reclassified as an administered asset to reflect the true nature of this asset. This change in classification resulted in a \$13.6 million reduction in both departmental equity and inventory and a corresponding increase in assets administered on behalf of government.

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 Reserve Bank of Australia and/or Australian commercial banks and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.

From 1 July 2009 circulating coin finished goods inventory has been reclassified as an administered asset to reflect the true nature of this asset. This change in classification has resulted in the Mint's administered budget statements including the gross (face value) of circulating coin as administered income and the associated cost of production, warehousing and distribution of those sales as an administered expense, rather than solely recognising the seigniorage (net) revenue as in prior years.

