

**PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS
2003-04**

TREASURY PORTFOLIO

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Treasurer

PARLIAMENT HOUSE
CANBERRA 2600

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2003-04 Additional Estimates for the Treasury Portfolio.

These statements have been developed, and are submitted to the parliament, as a statement on the funding requirements being sought for the portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the parliament and, through it, the public.

Yours sincerely

A handwritten signature in cursive script that reads 'Peter Costello'.

Peter Costello

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PART A

USER GUIDE

User Guide

INTRODUCTION

The purpose of the Treasury Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements, is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. They also facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2003-04.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

Part A: User guide

Provides an introduction explaining the purpose of the PAES as well as information in relation to the styles and conventions used.

Part B: Portfolio overview

Provides an overview of the portfolio. The structure of the portfolio outcomes is depicted in a chart that outlines the structure of the outcomes to which the portfolio contributes.

Part C: Agency additional estimates statements

For each agency within the portfolio that has an impact on additional estimates a statement is presented under the name of the agency.

Section 1: Overview, additional estimates and variations to outcomes

This section details the link between the resources appropriated and savings and their application to the outputs, which contribute to the achievement of outcomes and the impact of any post-Budget measures. This section also reports changes to revenue from independent sources; changes to estimates of expenses from Special Appropriations; and changes to estimated Special Account flows.

Section 2: Revisions to outcomes and outputs

This section details changes to planned Government outcomes, and the contributing administered items and agency outputs.

Section 3: Budgeted financial statements

This section contains the four budgeted financial statements in accrual format covering budget year, previous year and the three outyears for each agency.

Glossaries are provided at the end of the document.

STYLES AND CONVENTIONS USED

(a) The following notations may be used:

*	The nature of this measure is such that a reliable estimate cannot be provided.
-	nil
..	not zero, but rounded to zero
\$m	\$ million

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

ENQUIRIES

Should you have any enquiries regarding this publication please contact Ms Kate McCormack in the Department of the Treasury on (02) 6263 2111.

A copy of this document can be located on the Department of the Treasury website at: <http://www.treasury.gov.au> or the Commonwealth's Budget website at: <http://www.budget.gov.au>

PART B

PORTFOLIO OVERVIEW

Portfolio Overview

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 which seeks to promote a sound macroeconomic environment; effective government spending and taxation arrangements; and well functioning markets. It also entails the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The **Department of the Treasury** produces outputs directed at the achievement of the foregoing outcomes under four output groups – Macroeconomic, Fiscal, Revenue and Markets.

Macroeconomic group outputs include: domestic economic policy advice and forecasting; and international economic policy advice and assessment.

Fiscal group outputs include: budget policy advice and coordination; Commonwealth-State financial policy advice; and industry, environment and social policy advice.

Revenue group output is: taxation and income support policy advice.

Markets group outputs include: foreign investment policy advice and administration; financial system and corporate governance policy advice; competition and consumer policy advice; and actuarial services. In addition, the Royal Australian Mint is responsible for producing Australia's circulating coin and like products.

The **Australian Bureau of Statistics** is Australia's official statistical agency. Outputs are directed at 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. Its outputs principally relate to the production of economic, population and social statistics.

The **Australian Competition and Consumer Commission** outputs are directed at enhanced social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Outputs are: compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and competitive market structures and informed behaviour.

Portfolio Overview

The **Australian Office of Financial Management** is responsible for the management of the Commonwealth's net debt portfolio. Its output – debt management – is directed at ensuring that the Commonwealth net debt portfolio is managed at least cost subject to the Government's policies and risk references.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for prudentially regulating the banking, other deposit-taking, insurance and superannuation industries. Outputs aim at 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 (ASIC)** is the independent government body that enforces and administers the Corporations Law and Consumer Protection Law for investments, life and general insurance, superannuation and banking (except lending). Its outputs aim at a fair and efficient financial market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers. Outputs include: policy and guidance about the laws administered by ASIC; comprehensive and accurate information on companies and corporate activity; compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity; and enforcement activity to give effect to the laws administered by ASIC.

The **Australian Taxation Office** outputs are directed at 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. Outputs include: shape, design and build administrative systems; management of revenue collection and transfers; compliance assurance and support - revenue collection; compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards; and services to governments and agencies.

The **Corporations and Markets Advisory Committee** outputs are directed at confident and informed participation of investors and consumers in the financial system. Outputs include: recommendations to the responsible Minister on the Corporations Law; and the annual report, discussion papers and reports of the Committee.

The **Inspector General of Taxation** is an independent statutory office established on 1 July 2003. Its primary role and responsibility is to review tax administration and to report to the Government with recommendations for improving tax administration for the benefit of all taxpayers.

The **National Competition Council** is an independent advisory body for all Australian governments involved in implementing the National Competition Policy. Its outputs are aimed at the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. Outputs include: advice

provided to governments on competition policy and infrastructure access issues; and clear, accessible public information on competition policy.

The **Productivity 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 from a community-wide perspective. Outputs include or relate to: government commissioned projects; performance reporting and other services to government bodies; regulation review activities; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL

Additional estimates are being sought for the Department of the Treasury, the Australian Bureau of Statistics, the Australian Competition and Consumer Commission, the Australian Office of Financial Management, the Australian Securities and Investment Commission, the Australian Taxation Office, the National Competition Council and the Productivity Commission. Explanations of variations for these agencies are detailed in their respective sections in the Portfolio Additional Estimates Statements.

There are no additional estimates variations for the Australian Prudential Regulation Authority, Corporations and Markets Advisory Committee and the Inspector General of Taxation.

Map 1: Structure of outcomes for the portfolio

<p>Portfolio Minister - Treasurer The Hon Peter Costello MP</p> <p>Minister for Revenue and Assistant Treasurer Senator the Hon Helen Coonan</p> <p>Parliamentary Secretary to the Treasurer The Hon Ross Cameron MP</p>
<p>Department of the Treasury Secretary: Dr Ken Henry</p> <p>Outcome 1: Sound macroeconomic environment</p> <p>Outcome 2: Effective government spending and taxation arrangements</p> <p>Outcome 3: Well functioning markets</p>
<p>Australian Bureau of Statistics Statistician: Mr Dennis Trewin</p> <p>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</p>
<p>Australian Competition and Consumer Commission Chairperson: Mr Graeme Samuel</p> <p>To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets</p>
<p>Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden</p> <p>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</p>
<p>Australian Prudential Regulation Authority Chief Executive Officer: Dr John Laker</p> <p>To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality</p>
<p>Australian Securities and Investments Commission Acting Chairman: Mr Jeffrey Lucy</p> <p>A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Australian Taxation Office Commissioner: Mr Michael Carmody</p> <p>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</p>
<p>Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p>Fair and efficient financial markets characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p>Inspector General of Taxation Chief Executive Officer: Mr David Vos</p> <p>To improve the administration of the tax laws for the benefit of all taxpayers. (Proposed Outcome)</p>
<p>National Competition Council President: Dr Wendy Craik</p> <p>The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community</p>
<p>Productivity Commission Chairman: Mr Gary Banks</p> <p>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</p>

PART C

AGENCY ADDITIONAL ESTIMATES STATEMENTS

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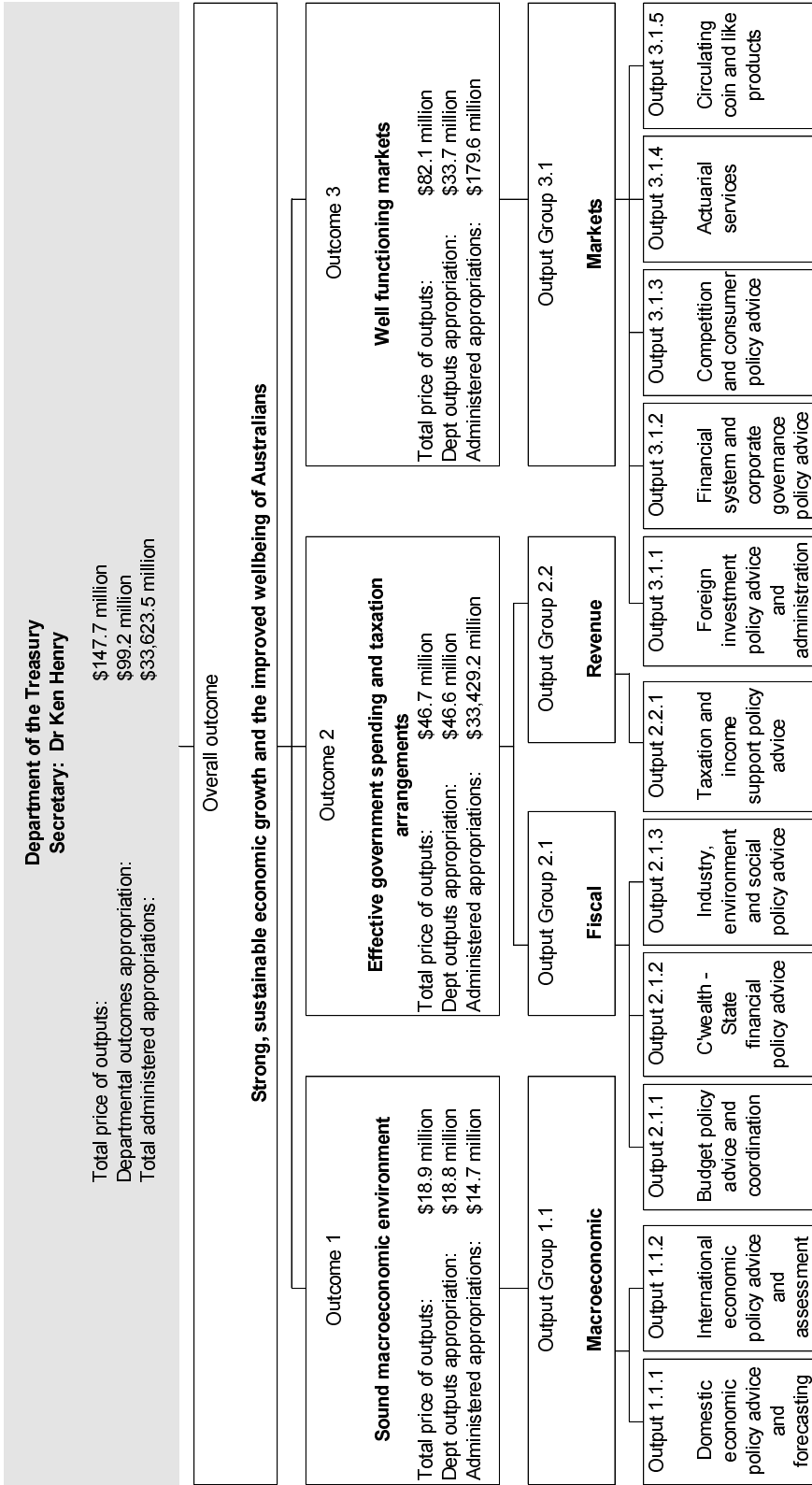
DEPARTMENT OF THE TREASURY

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 9).

Map 2: Outcomes and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Department of the Treasury is seeking \$4.603 million in departmental outputs for the HIH claims support scheme restructure (\$4.300 million), Comcover increase (\$0.093 million) and the implementation of the Budget Estimates and Framework Review (\$0.210 million) in Appropriation Bill (No. 3) 2003-04.

The Department of the Treasury is also seeking \$0.027 million as an equity injection to assist in implementing the recommendations of the Budget Estimates and Framework Review in Appropriation Bill (No. 4) 2003-04.

Measures

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Budget estimates - enhanced quality and timeliness ⁽¹⁾	210	218	306	229
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>) ⁽¹⁾	27	-	-	-

(1) This is a cross outcome measure and will be allocated between Outcome 1, Outcome 2 and Outcome 3.

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Outcome 2 — Effective government spending and taxation arrangements

	2003-04	2004-05	2005-06	2006-07
	\$'000	\$'000	\$'000	\$'000
Outcome 2				
Budget Balancing Assistance - amendments to the <i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	*	*	*	*
Budget Balancing Assistance - changes to Australia's duty free concessions	8,800	5,700	5,700	-
Budget Balancing Assistance - compulsory third party schemes	*	*	*	*
Budget Balancing Assistance - treatment of first aid and life saving courses	4,600	1,000	1,000	-
Budget Balancing Assistance - variation to New South Wales' Guaranteed Minimum Amount	-	15,000	15,000	-

Note: All Budget Balancing Assistance measure variations are funded through Special Appropriations, under *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*.

Budget Balancing Assistance — amendments to the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999*

The Government will amend the *A New Tax System (Commonwealth-State Financial Arrangements) Act 1999* to facilitate the operation of the Act. The amendments, which have been agreed to by the States and Territories, relate to: enabling the Commissioner of Taxation to account for all goods and services tax (GST) refunds; the timing of final determinations; and introducing a mechanism for residual adjustments as States and Territories come off Budget Balancing Assistance (BBA).

Enabling the Commissioner of Taxation to account for all GST refunds when determining the amount of GST revenue to be paid to the States and Territories will overcome a technical problem in the current drafting of the Act which results in more GST revenue being paid out than is actually collected and retained. As GST revenue estimates for 2003-04 (and forward years) are consistent with how the Act was originally intended to operate, there is no financial impact from this amendment.

The amendment to the timing of final determinations will provide sufficient time for all parties to be able to make their determinations in compliance with the requirements of the Act.

The amendments will also introduce a mechanism to allow payments to a State or Territory to be adjusted, as they come off BBA, to fully account for any under or overestimate of payments in a previous financial year.

Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2003-04*.

Budget Balancing Assistance — changes to Australia's duty free concessions

The Government will make changes to the duty free concessions available to passengers and Australian-domiciled crew members. These changes are described in the revenue measure *Customs duty – changes to Australia's duty free concessions* in the Attorney-General's portfolio and will have effect from the date of commencement of the Customs by-laws.

For those States and Territories receiving BBA, the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2003-04*.

Further information can be found in the joint press release of 18 September 2003 issued by the Minister for Justice and Customs and the Minister for Small Business and Tourism.

Budget Balancing Assistance — compulsory third party schemes

The Government has amended the GST insurance provisions that apply to an insurer that makes payments or supplies in relation to compulsory third party (CTP) insurance policies, with effect from 1 July 2000. The Government has also introduced provisions that apply to payments and supplies that are made in relation to CTP compensation and other CTP non-insurance policy related matters.

The amendments ensure the correct policy outcomes are achieved for the application of GST to CTP schemes.

For those States and Territories receiving BBA, the Government will adjust this assistance accordingly. However, as the cost to GST revenue cannot be quantified, it is not possible to quantify the impact on BBA. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2003-04*.

Budget Balancing Assistance — treatment of first aid and life saving courses

The Government will allow the suppliers of eligible life saving courses to treat the courses as GST free where the supplier uses an instructor that holds a training qualification issued by one of three specified life saving organisations, with effect from 1 July 2000.

In addition, the Government will remove the restriction that only an entity that is a 'body' may treat the supply of an eligible first aid or life saving course as GST-free, extending the treatment to all suppliers.

For those States and Territories receiving BBA, the Government will adjust this assistance to compensate for the decrease in GST revenue resulting from this measure. Further information on BBA can be found in Budget Paper No. 3, *Federal Financial Relations 2003-04*.

Budget Balancing Assistance — variation to New South Wales’ Guaranteed Minimum Amount

The Government has agreed to include the cost of New South Wales’ GST gambling rebate to registered clubs in that States’ Guaranteed Minimum Amount, with effect from 1 July 2004. New South Wales has taken an in-principle decision to pay a rebate in 2004-05 and subsequent years to registered clubs with an annual gaming income of up to \$1 million.

Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the States and Territories were required to adjust their gambling tax arrangements to take account of the impact of the GST on gambling operators. As New South Wales could not lower all its taxes on gambling by the required amount, the New South Wales Government decided to pay clubs an up-front rebate to compensate clubs for the period of 2000-01 to 2003-04. It was agreed that this compensation be included in the Guaranteed Minimum Amount for New South Wales, spread over the years from 2000-01 to 2003-04.

Inclusion of the cost of the New South Wales’ new rebate from 1 July 2004 is expected to lead to an increase in the amount of BBA paid by the Government to New South Wales. Further information on Budget Balancing Assistance can be found in Budget Paper No. 3, *Federal Financial Relations 2003-04*.

Outcome 3 — Well functioning markets

	2003-04	2004-05	2005-06	2006-07
	\$'000	\$'000	\$'000	\$'000
Outcome 3				
HIH Claims Support Scheme - closure	-	-	-	-

HIH Claims Support Scheme — closure

The Government has decided to close the HIH Claims Support Scheme to new claims from 27 February 2004 and restructure the administration of the Scheme. Under the restructure, the contract management of the administrative and claims manager functions that remain after the cut-off date to new applications will be consolidated under the Department of the Treasury.

Following the closure, a facility will be provided for policyholders to make late applications where they did not know that they had a right to claim under a HIH policy.

These administrative changes have no impact on the fiscal balance. The administrative costs associated with the Scheme were funded as an up front expense when the Scheme was established in 2000-01.

Further information can be found in the press release of 21 August 2003 issued by the Minister for Revenue and Assistant Treasurer.

Other variations to appropriations

Departmental

Treasury is seeking an additional \$0.093 million in departmental outputs as a result of increases to the Comcover premium. This along with a reallocation of corporate cost distribution, has an impact on Treasury's three outcomes.

MEASURES — DEPARTMENT OF THE TREASURY SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget \$'000			2004-05 appropriations forward estimate \$'000			2005-06 appropriations forward estimate \$'000			2006-07 appropriations forward estimate \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Budget estimates - enhanced quality and timeliness	1,2,3	All	-	210	210	-	218	218	-	306	306	-	229	229
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	1,2,3	All	-	27	27	-	-	-	-	-	-	-	-	-
Budget Balancing Assistance - amendments to the A New Tax System (Commonwealth-State Financial Arrangements) Act 1999	2	2.1	*	-	*	*	*	*	*	*	*	*	*	*
Budget Balancing Assistance - changes to Australia's duty free concessions	2	2.1	8,800	-	8,800	5,700	-	5,700	5,700	-	5,700	-	-	-

Table 1.1: Summary of measures since the 200304 Budget (continued)

Measure	Outcome	Output Groups affected	2003-04 appropriations budget \$'000			2004-05 appropriations forward estimate \$'000			2005-06 appropriations forward estimate \$'000			2006-07 appropriations forward estimate \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Budget Balancing Assistance - compulsory third party schemes	2	2.1	*	-	*	*	-	*	*	-	*	-	*	
Budget Balancing Assistance - treatment of first aid and life saving courses	2	2.1	4,600	-	4,600	1,000	-	1,000	1,000	-	1,000	-	1,000	
Budget Balancing Assistance - variation to New South Wales' Guaranteed Minimum Amount	2	2.1	-	-	-	15,000	-	15,000	15,000	-	15,000	-	15,000	
HIH Claims Support Scheme - closure	3	3.1	-	-	-	-	-	-	-	-	-	-	-	

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available	2003-04 budget (1)	2003-04 budget (2)	2003-04 revised budget	Additional estimates	Reduced estimates
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ADMINISTERED ITEMS						
Outcome 3						
Well functioning markets	11,000	10,000	10,000	10,000	-	-
Total	11,000	10,000	10,000	10,000	-	-
DEPARTMENTAL OUTPUTS						
Outcome 1						
Sound macroeconomic environment	19,612	19,069	19,069	18,843	(226)	-
Outcome 2						
Effective government spending and taxation arrangements	48,924	47,170	45,170	46,612	1,442	-
Outcome 3						
Well functioning markets	35,925	34,123	30,323	33,710	3,387	-
Total	104,461	100,362	94,562	99,165	4,603	-
Total Administered and Departmental	115,461	110,362	104,562	109,165	4,603	-

(1) Original budget as shown in the 2003-04 Portfolio Budget Statements.

(2) Original budget as shown in the 2003-04 Portfolio Budget Statements less section 32 transfers (\$3.8 million to the Department of Industry, Tourism and Resources and \$2.0 million to the Inspector General of Taxation).

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available	2003-04 budget	2003-04 revised	Additional estimates	Reduced estimates
	\$'000	\$'000	\$'000	\$'000	\$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
Outcome 2					
Effective government spending and taxation arrangements	74,700	20,900	-	-	-
Outcome 3					
Well functioning markets	153,084	157,519	155,853	-	(1,666)
Total	227,784	178,419	155,853	-	(1,666)
Non-Operating					
Departmental equity injection	-	-	-	27	-
Administered assets and liabilities	7,504	7,710	7,430	-	(280)
Total capital	7,504	7,710	7,430	27	(280)
Total	235,288	186,129	163,283	27	(1,946)

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
Sound macroeconomic environment	122	123	1
Outcome 2			
Effective government spending and taxation arrangements	367	368	1
Outcome 3			
Well functioning markets	327	327	-
Total	816	818	2

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget \$'000	2003-04 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
Sound macroeconomic environment	19,069	18,843	484	28	(456)
Outcome 2					
Effective government spending and taxation arrangements	45,170	46,612	968	56	(912)
Outcome 3					
Well functioning markets	30,323	33,710	46,933	48,441	1,508
Total	94,562	99,165	48,385	48,525	140

Note: Variations of non-government revenue between outcomes are a result of revised estimates and internal reallocations.

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	\$1.666 million
T	Transfer appropriation monies across outcomes	-
M	Movements of funding between years	-
A	Savings from capital appropriations	\$0.280 million
Total departmental savings		\$1.946 million

The saving of \$1.946 million represents funding no longer required for Compensation – Companies Regulation expenses (\$1.666 million) and European Bank for Reconstruction and Development Capital Injections (\$0.280 million) due to parameter adjustments.

DEPARTMENTAL AND ADMINISTERED REVENUES

Table 1.6: Departmental and administered revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED DEPARTMENTAL REVENUES		
Non-appropriation departmental revenues		
Goods and services	47,812	48,445
Interest	210	-
Proceeds from sales of assets	47	-
Other	316	80
Total non-appropriation departmental revenues	48,385	48,525
Appropriation revenue*	94,562	99,165
Total estimated departmental revenues	142,947	147,690
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	(32,050,000)	(33,050,000)
Foreign exchange gains	-	217,143
GST administration fees	570,900	541,877
Housing Loans Insurance Company Limited - recoveries from old book stock and premiums	7,746	7,746
Dividends	2,200,000	2,264,000
Postal Services Regulation	1,000	1,000
Receipts under the <i>International Monetary Agreements Act 1947</i>	51,273	41,248
Royal Australian Mint - monies in excess of requirements	87,889	50,790
Seigniorage payments - Gold Corporation	1,000	1,146
Other	7,210	7,491
Total non-appropriation administered revenues	(29,122,982)	(29,917,559)
Administered appropriation revenue	33,505,141	33,623,508
Total estimated administered revenues	4,382,159	3,705,949
Total estimated departmental and administered revenues	4,525,106	3,853,639

* Original budget as shown in the 2003-04 *Portfolio Budget Statements* less section 32 transfers (\$3.8 million to the Department of Industry, Tourism and Resources and \$2.0 million to the Inspector General of Taxation)

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**Table 1.7: Estimates of expenses from special appropriations**

	Outcome affected	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED EXPENSES			
Special appropriations			
<i>International Monetary Agreement Act 1947</i>	1	146,961	14,674
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	2	1,504,934	868,298
<i>Appropriation (HIH Assistance) Act 2001</i>	3	11,733	-
<i>Superannuation Industry (Supervision) Act 1993</i>	3	-	10,000
Total estimated expenses		1,663,628	892,972

ESTIMATED SPECIAL ACCOUNT FLOWS**Table 1.8: Estimated special account flows**

	A ⁽¹⁾ B ⁽¹⁾	2003-04 2002-03 opening balance \$'000	2003-04 2002-03 receipts \$'000	2003-04 2002-03 payments \$'000	2003-04 2002-03 closing balance \$'000
SPECIAL ACCOUNTS⁽²⁾					
Australian Government Actuary		1,386	1,500	1,500	1,386
		888	1,914	1,416	1,386
Lloyd's Deposit Fund		2,000	-	-	2,000
		2,000	190	190	2,000
Royal Australian Mint and Coinage Trust		5,457	75,000	75,000	5,457
		2,064	122,282	118,889	5,457
Trustee Companies (ACT) Deposit Trust Fund		120	-	-	120
		120	10	10	120
Other Trust Monies		-	-	-	-
		-	-	-	-
Total special accounts		8,963	76,500	76,500	8,963

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) The special accounts are departmental in nature and are governed by the *Financial Management and Accountability Act 1997*.

This table identifies estimates of special account flows and balances. All special accounts appear under Outcome 3.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Department of the Treasury has not made any changes to its outcomes or outputs since the *2003-04 Portfolio Budget Statements*.

Revised performance information and level of achievement – 2003-04

The variation in funding for Treasury's three outcomes will not effect the performance information since the *2003-04 Portfolio Budget Statements*.

Table 2.1: Total resources for all Outcomes

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Administered appropriations		
Annual appropriations		
Output Group 2.1 - Fiscal		
Australian Capital Territory - special revenue assistance	10,900	10,900
Additional First Home Owners Scheme	10,000	10,000
Output Group 3.1 - Markets		
Compensation - companies regulation	157,519	155,853
Housing Loans Insurance Company Limited - payments in respect of insurance claims	10,000	10,000
Special appropriations		
Output Group 1.1 - Macroeconomic		
<i>International Monetary Agreements Act 1947</i>	20,055	14,674
Output Group 2.1 - Fiscal		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	33,284,934	33,408,298
Output Group 3.1 - Markets		
<i>Appropriation (HIH Assistance) Act 2001</i>	11,733	-
<i>Superannuation Industry (Supervision) Act 1993</i>	-	10,000
Total administered appropriations	33,505,141	33,619,725
Departmental appropriations		
Output Group 1.1 - Macroeconomic	19,069	18,843
Output Group 2.1 - Fiscal	11,366	11,703
Output Group 2.2 - Revenue	33,804	34,909
Output Group 3.1 - Markets	30,323	33,710
Total revenues from government (appropriations) contributing to price of departmental outputs	94,562	99,165
Revenue from other sources		
Output Group 1.1 - Macroeconomic	484	28
Output Group 2.1 - Fiscal	110	6
Output Group 2.2 - Revenue	858	50
Output Group 3.1 - Markets	46,933	48,441
Total revenue from other sources	48,385	48,525
Total price from departmental outputs (Total revenues from government and from other sources)	142,947	147,690
Total estimated resourcing (Total price of outputs and administered appropriations)	33,648,088	33,767,415
	2003-04	2003-04
Average staffing level (number)	816	818

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

A brief analysis of the Department's budgeted financial statements is provided below.

Departmental

Total revenue is expected to remain similar to 2002-03, although there are movements between the types of revenue received by Treasury. These movements include an increase in goods and services revenue in 2003-04, reduced interest revenue due to the cessation of the Agency Banking Incentive Scheme and reduced appropriations.

The Department's capital budget reflects increased capital appropriations in 2003-04. This is attributable to budget measures relating to additional capital acquisitions for the Royal Australian Mint, an equity injection to the Australian Reinsurance Pool Corporation (to be repaid in the same year) and the implementation of the Budget Estimates and Framework Review.

Administered

Goods and services tax (GST) related items are treated as negative in the Department of the Treasury's administered budget statements.

For constitutional reasons the GST is levied by the Commonwealth, and can therefore be technically considered Commonwealth revenue under the reporting standards. The clear policy intent of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (the IGA), however, is that it is a State tax collected by the Commonwealth in an agency capacity. Accordingly, GST related items are treated as negative in Treasury's administered budget statements. This fully offsets GST related items recorded by the Australian Taxation Office so that at a consolidated level the GST is not recorded by the Commonwealth.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted departmental statement of financial performance

This statement provides a picture of the expected financial results for the Department of the Treasury by identifying full accrual expenses and revenues, which highlights whether the Department is operating at a sustainable level.

Budgeted departmental statement of financial position

This statement shows the financial position of the Department of the Treasury. It helps decision-makers to track the management of assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of 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.

Departmental capital budget statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental non-financial assets — summary of movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

NOTES OF ADMINISTERED ACTIVITY

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

Note of administered capital budget statement

This note shows details of planned administered capital expenditure.

**Table 3.1: Budgeted Departmental Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	104,813	99,165	100,701	103,001	103,830
Goods and services	43,621	48,445	49,970	50,260	50,596
Interest	1,059	-	-	-	-
Revenue from sales of assets	132	-	-	-	-
Other	1,671	80	80	80	80
Total revenues from ordinary activities	151,296	147,690	150,751	153,341	154,506
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	75,569	74,668	76,616	78,857	81,903
Suppliers	65,711	66,042	67,869	67,891	65,537
Depreciation and amortisation	5,174	5,322	5,658	5,985	6,458
Write-down of assets	55	-	-	-	-
Value of assets sold	292	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	146,801	146,032	150,143	152,733	153,898
Borrowing cost expense	196	158	158	158	158
Operating surplus or deficit from ordinary activities	4,299	1,500	450	450	450
Income tax expense	(569)	(450)	(450)	(450)	(450)
Net surplus or deficit	3,730	1,050	-	-	-

**Table 3.2: Budgeted Departmental Statement of Financial Position
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	9,211	11,159	11,462	12,421	13,548
Receivables	15,026	24,137	25,364	27,564	27,859
Total financial assets	24,237	35,296	36,826	39,985	41,407
Non-financial assets					
Land and buildings	7,865	7,279	6,506	5,708	4,911
Infrastructure, plant and equipment	12,537	13,709	14,550	15,684	16,587
Inventories	15,418	12,500	12,500	12,500	12,500
Intangibles	2,156	2,450	2,532	2,560	3,924
Other	8,068	6,745	6,708	6,703	6,516
Total non-financial assets	46,044	42,683	42,796	43,155	44,438
Total assets	70,281	77,979	79,622	83,140	85,845
LIABILITIES					
Interest bearing liabilities					
Leases	3,276	3,276	3,276	3,276	3,276
Deposits	-	120	120	120	120
Total interest bearing liabilities	3,276	3,396	3,396	3,396	3,396
Provisions					
Employees	24,481	27,405	25,943	26,760	27,256
Other	1,562	-	-	-	-
Total provisions	26,043	27,405	25,943	26,760	27,256
Payables					
Suppliers	4,773	3,746	4,718	4,714	4,571
Other	2,641	2,707	2,675	2,670	2,507
Total payables	7,414	6,453	7,393	7,384	7,078
Total liabilities	36,733	37,254	36,732	37,540	37,730
EQUITY					
Parent equity interest					
Contributed equity	4,076	10,203	12,368	15,078	17,593
Reserves	5,482	5,482	5,482	5,482	5,482
Retained surpluses or accumulated deficits	23,990	25,040	25,040	25,040	25,040
Total parent equity interest	33,548	40,725	42,890	45,600	48,115
Total equity	33,548	40,725	42,890	45,600	48,115
Current assets	42,325	38,381	39,874	43,028	44,263
Non-current assets	27,956	39,598	39,748	40,112	41,582
Current liabilities	21,644	10,095	9,051	9,292	9,006
Non-current liabilities	15,089	27,159	27,681	28,248	28,724

**Table 3.3: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	104,461	94,902	101,079	100,928	103,537
Goods and services	26,621	48,525	50,050	50,340	50,676
Interest	1,058	-	-	-	-
GST input credit receipts	3,293	6,357	6,673	6,764	6,549
GST receipts from customers	1,581	-	-	-	-
Other	98,445	-	-	-	-
Total cash received	235,459	149,784	157,802	158,032	160,762
Cash used					
GST payments (departmental)	3,468	4,364	4,837	5,013	5,060
GST payments to suppliers	1,653	-	-	-	-
Employees	68,109	71,777	78,078	78,040	81,407
Suppliers	67,525	71,012	70,333	69,773	67,147
Interest and other financing costs	413	608	608	608	608
Cash to Official Public Account	12,000	-	-	-	-
Other	80,242	-	-	-	-
Total cash used	233,410	147,761	153,856	153,434	154,222
Net cash from/(used by) operating activities	2,049	2,023	3,946	4,598	6,540
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	129	-	-	-	-
Cash from Official Public Account	8,000	-	-	-	-
Other	1,789	-	-	-	-
Total cash received	9,918	-	-	-	-
Cash used					
Purchases of property, plant and equipment	5,808	6,202	5,808	6,349	7,928
Total cash used	5,808	6,202	5,808	6,349	7,928
Net cash from/(used by) investing activities	4,110	(6,202)	(5,808)	(6,349)	(7,928)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injections	-	11,127	2,165	2,710	2,515
Total cash received	-	11,127	2,165	2,710	2,515
Cash used					
Repayments of debt	1,145	-	-	-	-
Dividends paid	-	5,000	-	-	-
Other	6,235	-	-	-	-
Total cash used	7,380	5,000	-	-	-
Net cash from/(used by) financing activities	(7,380)	6,127	2,165	2,710	2,515
Net increase/(decrease) in cash held	(1,221)	1,948	303	959	1,127
Cash at the beginning of the reporting period	10,432	9,211	11,159	11,462	12,421
Cash at the end of the reporting period	9,211	11,159	11,462	12,421	13,548

Part C: Agency Additional Estimates Statements – Treasury

Table 3.4: Departmental Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	11,127	2,165	2,710	2,515
Total loans	-	-	-	-	-
Total	-	11,127	2,165	2,710	2,515
Represented by					
Purchase of non-financial assets	-	2,127	2,165	2,710	2,515
Other	-	9,000	-	-	-
Total	-	11,127	2,165	2,710	2,515
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	2,127	2,165	2,710	2,515
Funded internally by departmental resources	2,000	4,075	3,643	3,639	5,413
Total	2,000	6,202	5,808	6,349	7,928

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer Software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	7,865	-	12,537	-	2,156	-	22,558
Additions	-	365	-	4,318	-	1,519	-	6,202
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(951)	-	(3,146)	-	(1,225)	-	(5,322)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	7,279	-	13,709	-	2,450	-	23,438
Total additions								
Self funded	-	365	-	2,191	-	1,519	-	4,075
Appropriations	-	-	-	2,127	-	-	-	2,127
Total	-	365	-	4,318	-	1,519	-	6,202

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	-	(33,050,000)	(34,630,000)	(36,600,000)	(38,710,000)
Total taxation	-	(33,050,000)	(34,630,000)	(36,600,000)	(38,710,000)
Non-taxation					
Revenues from government	33,849,086	33,408,298	34,986,947	36,927,975	38,150,000
Goods and services	562,995	541,877	582,300	595,000	607,977
Interest and dividends	1,901,750	2,271,991	546,637	700,479	700,000
Net foreign exchange gains	-	217,143	-	-	-
Other	147,587	101,430	135,835	140,325	139,482
Total non-taxation	36,461,418	36,540,739	36,251,719	38,363,779	39,597,459
Total revenues administered on behalf of the Government	36,461,418	3,490,739	1,621,719	1,763,779	887,459
EXPENSES					
Borrowing costs	21,263	-	-	-	-
Grants	32,714,227	1,185,051	1,039,850	1,034,367	180,311
Net foreign exchange losses	413,172	-	-	-	-
Write-down and impairment of assets	-	(140,000)	(190,000)	(200,000)	(210,000)
Other	85	34,674	24,378	23,392	22,392
Total expenses administered on behalf of the Government	33,148,747	1,079,725	874,228	857,759	(7,297)

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	5,665	5,665	5,665	5,665	5,665
Investments	15,553,850	15,642,107	15,642,107	15,642,107	15,642,107
Receivables	722,956	(486,619)	(1,920,578)	(2,322,293)	(2,711,632)
Total financial assets	16,282,471	15,161,153	13,727,194	13,325,479	12,936,140
Non-financial assets					
Other	546,159	70,346	573	494	478
Total non-financial assets	546,159	70,346	573	494	478
Total assets administered on behalf of the Government	16,828,630	15,231,499	13,727,767	13,325,973	12,936,618
LIABILITIES					
Debt					
Loans	4,110,576	3,742,743	3,738,088	3,735,769	3,734,030
Other	988,332	1,001,160	1,001,160	1,001,160	1,001,160
Total debt	5,098,908	4,743,903	4,739,248	4,736,929	4,735,190
Provisions					
Suppliers	-	3,772	3,772	3,772	3,772
Other	18,391	(251,845)	(255,714)	(258,138)	(259,642)
Total provisions	18,391	(248,073)	(251,942)	(254,366)	(255,870)
Payables					
Grants	472,832	338,623	251,079	192,391	151,161
Subsidies	183	183	183	183	183
Other	19,941	6,678	1,854	1,854	1,854
Total payables	492,956	345,484	253,116	194,428	153,198
Total liabilities administered on behalf of the Government	5,610,255	4,841,314	4,740,422	4,676,991	4,632,518
Current liabilities	18,571	20,878	16,028	11,714	7,884
Non-current liabilities	5,591,684	4,820,436	4,724,394	4,665,277	4,624,634
Current assets	794,014	(134,051)	(637,729)	(772,303)	(902,732)
Non-current assets	16,034,616	15,365,550	14,365,496	14,098,276	13,839,350

**Table 3.8: Note of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriation receipts	-	33,756,124	35,269,265	37,183,947	38,391,433
Cash from Official Public Account	34,025,272	-	-	-	-
Dividends	1,889,226	1,300,000	1,507,000	700,000	700,000
GST input credit receipts	996	-	-	-	-
Interest	77,469	7,991	3,637	479	-
Other	648,247	635,427	715,354	733,703	746,580
Total cash received	36,641,210	35,699,542	37,495,256	38,618,129	39,838,013
Cash used					
Cash to Official Public Account	2,972,773	1,943,418	2,225,991	1,434,182	1,446,580
Grant payments	33,005,817	1,185,051	1,039,850	1,034,367	180,311
Interest	21,263	-	-	-	-
Other	181,442	32,571,073	34,229,415	36,149,580	38,211,122
Total cash used	36,181,295	35,699,542	37,495,256	38,618,129	39,838,013
Net cash from operating activities	459,915	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Cash from Official Public Account	-	12,086	11,986	4,819	4,239
Other	356,857	-	-	-	-
Total cash received	356,857	12,086	11,986	4,819	4,239
Cash used					
Purchase of equity instruments	-	12,086	11,986	4,819	4,239
Other	819,148	-	-	-	-
Total cash used	819,148	12,086	11,986	4,819	4,239
Net cash from investing activities	(462,291)	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	64,051	64,051	14,804	-
Cash from capital injections	-	221,334	-	-	-
Other	-	228,288	-	-	-
Total cash received	-	513,673	64,051	14,804	-
Cash used					
Cash to Official Public Account	-	292,339	64,051	14,804	-
Other	-	221,334	-	-	-
Total cash used	-	513,673	64,051	14,804	-
Net cash from financing activities	-	-	-	-	-
Net increase/(decrease) in cash held	(2,376)	-	-	-	-
Cash at beginning of reporting period	8,041	5,665	5,665	5,665	5,665
Cash at end of reporting period	5,665	5,665	5,665	5,665	5,665

Table 3.9: Note of Administered Capital Budget

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Administered capital	7,504	7,430	7,331	4,819	4,239
Special appropriations	-	427,255	89,699	56,188	38,730
Total	7,504	434,685	97,030	61,007	42,969
Represented by:					
Other	-	434,685	97,030	61,007	42,969
Total	-	434,685	97,030	61,007	42,969

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The Department of the Treasury's budget statements have been prepared on an accrual basis and in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Departmental and administered financial statements

Under the Commonwealth'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 those items that are controlled by the department. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the department in providing its 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, fees, fines and excises.

Detailed notes on the treatment of certain items can be found in the Treasury Annual Report 2002-03 (pages 172 to 186).

Royal Australian Mint

The Department of the Treasury's departmental budget statements are aggregated to include the financial operations of the Royal Australian Mint (RAM). Any profit earned by RAM, taking into account working capital requirements, is returned to the Commonwealth.

Seigniorage is collected by RAM on behalf of the Commonwealth. Seigniorage represents the difference between the face value of coinage sold to the Reserve Bank of Australia and its cost of production to RAM. Seigniorage is treated as an administered item within the Department of the Treasury budget statements.

AUSTRALIAN BUREAU OF STATISTICS

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 49).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.540 million for the Australian Bureau of Statistics (ABS).

Measures

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

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	180	131	131	131
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	247	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Part C: Agency Additional Estimates Statements – ABS

Other variations to appropriations

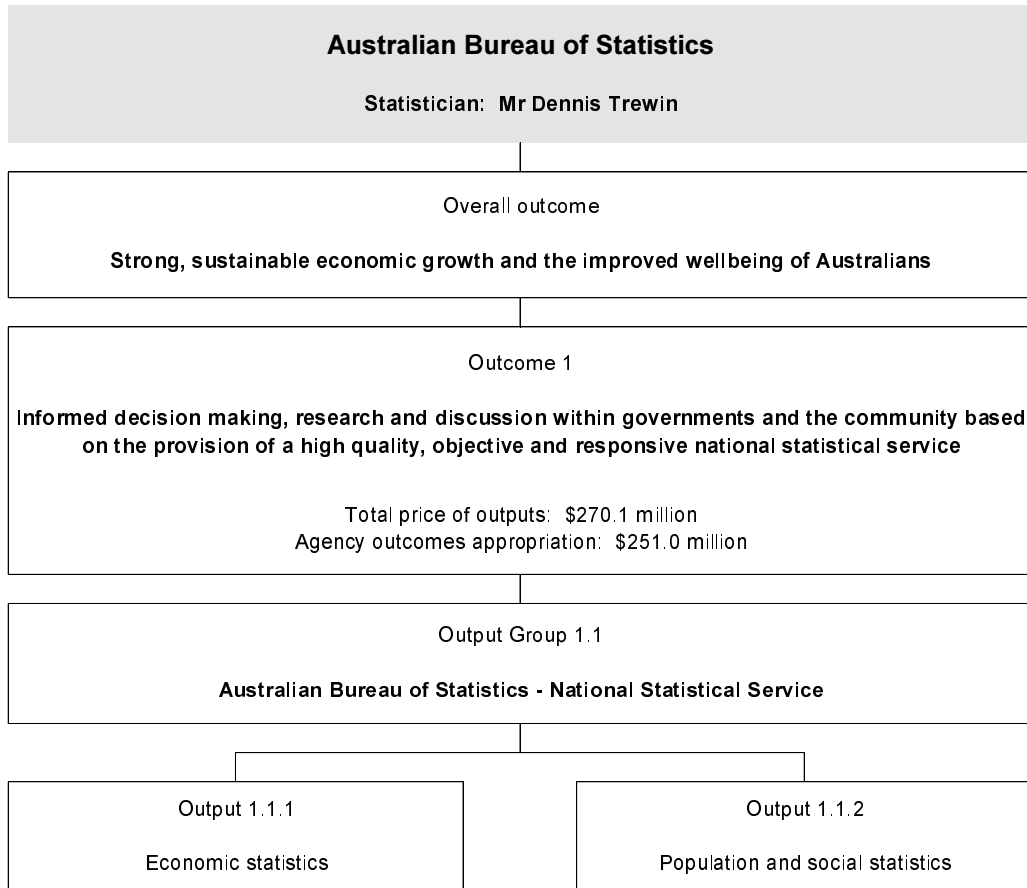
The ABS is seeking additional price of outputs funding of \$0.360 million for the increase to the Comcover premium.

MEASURES — AUSTRALIAN BUREAU OF STATISTICS SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget \$'000		2004-05 appropriations forward estimate \$'000		2005-06 appropriations forward estimate \$'000		2006-07 appropriations forward estimate \$'000		
			Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs	Total
Budget estimates - enhanced quality and timeliness	1	1.1	-	180	180	-	131	-	131	-	131
Budget estimates - enhanced quality and timeliness <i>(Related capital)</i>	1	1.1	-	247	247	-	-	-	-	-	-

Map 2: Outcomes and output groups



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
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	253,501	250,441	250,981	540	-
Total	253,501	250,441	250,981	540	-

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-Operating					
Equity injection	-	-	247	247	-
Total capital	-	-	247	247	-
Total	-	-	247	247	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	2,825	2,825	-
Total	2,825	2,825	-

AGENCY REVENUES

Table 1.6: Agency revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	18,310	18,859
Proceeds from sales of assets	204	205
Other	90	90
Total non-appropriation agency revenues	18,604	19,154
Appropriation revenue	250,441	250,981
Total estimated agency revenues	269,045	270,135

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾ B ⁽¹⁾ 2003-04 2002-03 opening balance \$'000	2003-04 2002-03 receipts \$'000	2003-04 2002-03 payments \$'000	2003-04 2002-03 closing balance \$'000
SPECIAL ACCOUNTS				
Other Trust Monies ⁽²⁾	16	-	-	16
	14	6	4	16
Total special accounts	14	14	14	14

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Bureau of Statistics (ABS) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Australian Bureau of Statistics		
Output 1.1.1 - Economic statistics	131,286	131,567
Output 1.1.2 - Population and social statistics	119,155	119,414
Total revenues from government (appropriations)		
contributing to price of agency outputs	250,441	250,981
Revenue from other sources		
Goods and services	18,310	18,859
Proceeds from sales of assets	204	205
Other	90	90
Total revenue from other sources	18,604	19,154
Total price from agency outputs		
(Total revenues from government and from other sources)	269,045	270,135
Total estimated resourcing		
(Total price of outputs and administered appropriations)	269,045	270,135
	2003-04	2003-04
Average staffing level (number)	2,825	2,825

Revised performance information and level of achievement – 2003-04

The ABS has not made any changes to its performance information since the *2003-03 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the Australian Bureau of Statistics (ABS) by identifying full accrual expenses and revenues, which highlight whether the ABS is operating at a sustainable level.

The budgeted financial statements have been prepared in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

Budgeted cash flows, as reflected in the 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.

Agency capital budget statement

Shows all planned agency capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or funds from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in ABS's non-financial assets during the budget year.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	253,501	250,932	264,893	300,044	384,779
Goods and services	24,607	18,859	15,887	15,968	15,960
Interest	378	-	-	-	-
Revenue from sales of assets	150	205	207	205	202
Other	1,013	90	90	90	90
Revenues from ordinary activities	279,649	270,086	281,077	316,307	401,031
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	180,200	185,838	189,405	200,666	283,794
Suppliers	57,362	54,025	61,026	82,747	83,956
Depreciation and amortisation	26,893	29,392	28,532	30,249	30,772
Write-down of assets	1,106	6	8	10	40
Value of assets sold	372	7	4	10	8
Other	6,029	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	271,962	269,268	278,975	313,682	398,570
Borrowing costs expense	980	818	645	531	440
Operating surplus or deficit from ordinary activities	6,707	-	1,457	2,094	2,021
Changes in accounting policies	(2,338)	-	-	-	-
Increase/(decrease) in asset revaluation reserve	(1,166)	-	-	-	-
Net surplus or deficit	3,203	-	1,457	2,094	2,021
Capital Use Charge	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	3,203	-	1,457	2,094	2,021

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	12,771	13,395	7,756	10,783	14,465
Receivables	5,575	4,216	3,994	4,193	8,168
Accrued revenues	266	286	286	286	286
Total financial assets	18,612	17,897	12,036	15,262	22,919
Non-financial assets					
Infrastructure, plant and equipment	41,193	37,542	37,859	39,770	38,517
Inventories	58	58	58	58	58
Intangibles	76,797	76,972	77,405	76,745	76,125
Other	8,834	8,466	8,100	7,732	7,407
Total non-financial assets	126,882	123,038	123,422	124,305	122,107
Total assets	145,494	140,935	135,458	139,567	145,026
LIABILITIES					
Interest bearing liabilities					
Loans	11,150	10,033	8,846	7,585	6,245
Leases	2,938	973	254	70	25
Other	383	29	-	-	-
Total interest bearing liabilities	14,471	11,035	9,100	7,655	6,270
Provisions					
Employees	63,923	65,550	60,618	62,298	63,870
Total provisions	63,923	65,550	60,618	62,298	63,870
Payables					
Suppliers	4,379	2,954	3,102	3,996	3,998
Other	6,576	5,004	4,789	5,675	8,924
Total payables	10,955	7,958	7,891	9,671	12,922
Total liabilities	89,349	84,543	77,609	79,624	83,062
EQUITY					
Parent equity interest					
Contributed equity	11,250	11,250	11,250	11,250	11,250
Capital injections by owners	-	247	247	247	247
Reserves	7,519	7,519	7,519	7,519	7,519
Retained surpluses or accumulated deficits	37,376	37,376	38,833	40,927	42,948
Total parent equity interest	56,145	56,392	57,849	59,943	61,964
Total equity	56,145	56,392	57,849	59,943	61,964
Current liabilities	43,811	40,239	33,881	36,445	40,064
Non-current liabilities	45,538	44,304	43,728	43,179	42,998
Current assets	27,504	26,371	20,094	22,901	30,183
Non-current assets	117,990	114,564	115,364	116,666	114,843

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	253,501	250,981	264,943	300,094	384,828
Goods and services	26,758	18,355	15,821	15,959	15,195
Interest	432	-	-	-	-
Other	8,593	6,990	7,794	9,924	10,133
Total cash received	289,284	276,326	288,558	325,977	410,156
Cash used					
Employees	185,708	189,833	194,827	204,794	293,681
Suppliers	69,784	49,994	60,519	75,303	72,571
Borrowing costs	980	1,989	710	172	42
Other	9,928	7,298	7,875	10,114	10,134
Total cash used	266,400	249,114	263,931	290,383	376,428
Net cash from/(used by) operating activities	22,884	27,212	24,627	35,594	33,728
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	337	205	207	205	202
Total cash received	337	205	207	205	202
Cash used					
Purchases of property, plant and equipment	22,219	25,923	29,287	31,511	28,907
Total cash used	22,219	25,923	29,287	31,511	28,907
Net cash from/(used by) investing activities	(21,882)	(25,718)	(29,080)	(31,306)	(28,705)
FINANCING ACTIVITIES					
Cash received					
Capital Injections	-	247	-	-	-
Total cash received	-	247	-	-	-
Cash used					
Repayments of debt	3,301	1,117	1,186	1,261	1,341
Capital use charge paid	6,700	-	-	-	-
Other	1,266	-	-	-	-
Total cash used	11,267	1,117	1,186	1,261	1,341
Net cash from/(used by) financing activities	(11,267)	(870)	(1,186)	(1,261)	(1,341)
Net increase/(decrease) in cash held					
	(10,265)	624	(5,639)	3,027	3,682
Cash at the beginning of the reporting period	23,036	12,771	13,395	7,756	10,783
Cash at the end of the reporting period	12,771	13,395	7,756	10,783	14,465

Part C: Agency Additional Estimates Statements – ABS

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	247	-	-	-
Funded internally by agency resources	22,219	25,676	29,287	31,511	28,907
Total	22,219	25,923	29,287	31,511	28,907

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	76,842	-	158,916	-	235,758
Additions	-	-	-	10,537	-	15,386	-	25,923
Disposals	-	-	-	(10,657)	-	-	-	(10,657)
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	(330)	-	(330)
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(49,830)	-	(97,330)	-	(147,160)
Write-off of assets	-	-	-	10,650	-	330	-	10,980
Carrying amount at the end of year	-	-	-	37,542	-	76,972	-	114,514
Total additions	-	-	-	10,537	-	15,139	-	25,676
Self funded	-	-	-	-	-	247	-	247
Appropriations	-	-	-	10,537	-	15,386	-	25,923
Total	-	-	-	10,537	-	15,386	-	25,923

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 agency financial statements

Under the Commonwealth'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 agency statement of financial performance

Revenues

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, the ABS is appropriated only for the price of its outputs, which represent the Government's purchase of these agreed outputs.

Revenue from other sources

The decrease in revenue from other sources in 2003-04 is due to the additional revenue associated with sales of census output during the last financial year.

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 were based on leave patterns of ABS employees. Accrued salaries and employer superannuation contributions were 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 agency statement of financial position

Non-financial assets

Intangibles

These include software developed in-house.

Inventory

The inventory levels in the organisation were reduced in the 2001-02 financial year to reflect the move to 'print on demand'. ABS inventory include publications of statistics both in print and on CD. These levels are expected to remain stable in the outyears.

Other

This category includes prepayments.

Debt

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.

Leases

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.

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 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. Non-information technology assets have been revalued to fair value. Information technology assets will be revalued to this basis in the 2004-05 financial year when they are next due for revaluation.

Capital budget statement

This shows proposed capital expenditure for the ongoing replacement programme of non-financial assets. This asset replacement programme is funded internally.

Purchase of non-financial assets

These include:

- 2002-03 intangibles of \$15.7 million, infrastructure, plant and equipment of \$6.5 million;
- 2003-04 intangibles of \$15.1 million, infrastructure, plant and equipment of \$10.5 million, which includes fitout to the Western Australian and Queensland offices of \$1.2 million;
- 2004-05 intangibles of \$15.8 million, infrastructure, plant and equipment of \$13.5 million, which includes fitout to the New South Wales, Tasmanian and Queensland offices of \$8 million;
- 2005-06 intangibles of \$15.1 million, infrastructure, plant and equipment of \$16.4 million, which includes fitout to the Queensland office of \$2.9 million; and
- 2006-07 intangibles of \$15.2 million, infrastructure, plant and equipment of \$13.7 million, which includes fitout to the South Australian, Australian Capital Territory and Tasmanian offices of \$6.2 million.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 67).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$7.581 million for the Australian Competition and Consumer Commission (ACCC).

Measures

Outcome 1 — To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Australian Competition and Consumer Commission - additional funding	6,770	-	-	-
Budget estimates - enhanced quality and timeliness	279	268	257	239
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	56	-	-	-

Australian Competition and Consumer Commission — additional funding

The Government will provide the Australian Competition and Consumer Commission with additional funding of \$6.770 million in 2003-04 to meet additional cost pressures.

The additional funding in 2003-04 will ensure that the Australian Competition and Consumer Commission has sufficient resources to manage its current commitments without compromising its effectiveness in fostering competitive markets.

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and

Part C: Agency Additional Estimates Statements – ACCC

Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

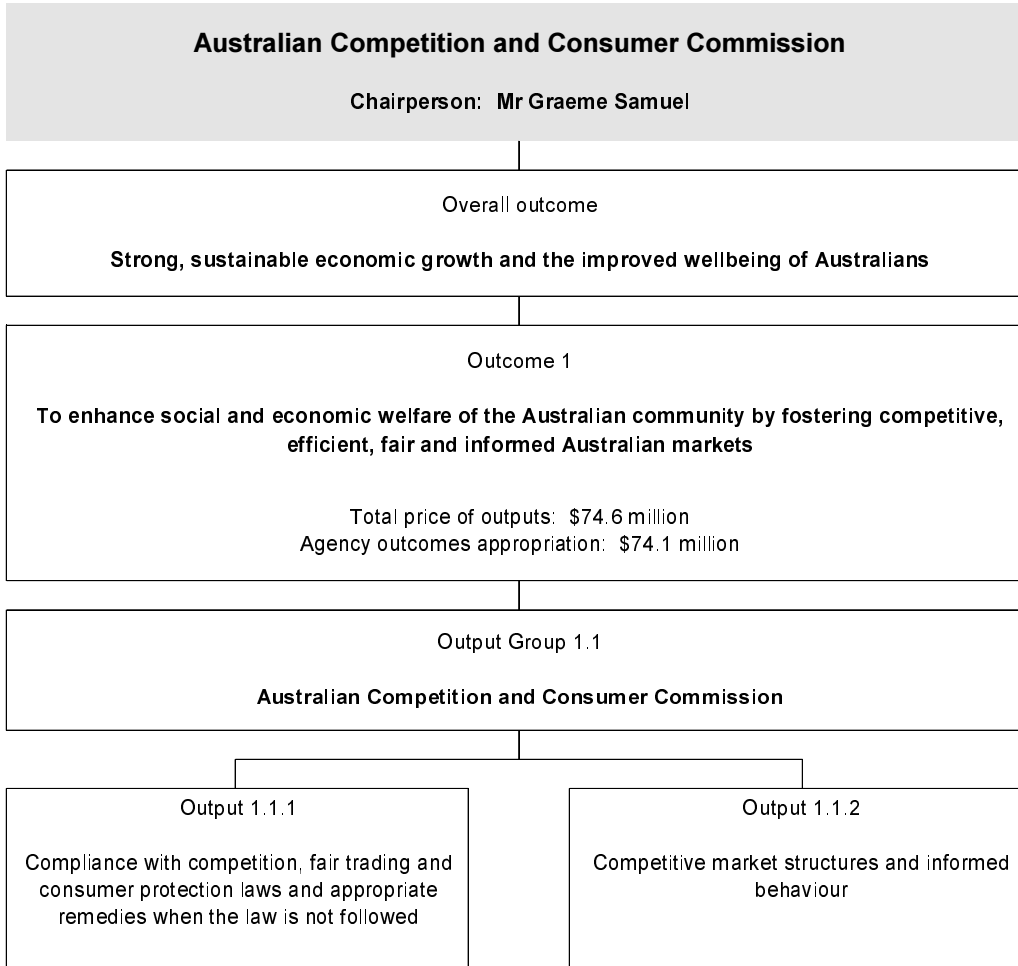
The ACCC is seeking additional price of outputs funding of \$0.069 million for the increase to the Comcover premium and \$0.463 million depreciation supplementation.

MEASURES — AUSTRALIAN COMPETITION AND CONSUMER COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget \$'000		2004-05 appropriations forward estimate \$'000		2005-06 appropriations forward estimate \$'000		2006-07 appropriations forward estimate \$'000	
			Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs
Australian Competition and Consumer Commission - additional funding	1	1.1	-	6,770	6,770	-	-	-	-	-
Budget estimates - enhanced quality and timeliness	1	1.1	-	279	279	-	268	-	257	239
Budget estimates - enhanced quality and timeliness <i>(Related capital)</i>	1	1.1	-	56	56	-	-	-	-	-

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets					
	62,500	66,567	74,148	7,581	-
Total	62,500	66,567	74,148	7,581	-

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-Operating					
Equity injection	-	-	56	56	-
Total capital	-	-	56	56	-
Total	-	-	56	56	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets			
	465	460	(5)
Total	465	460	(5)

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget \$'000	2003-04 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	66,567	74,148	400	400	-
Total	66,567	74,148	400	400	-

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	400	400
Interest	-	-
Other	60	60
Total non-appropriation agency revenues	460	460
Appropriation revenue	66,567	74,148
Total estimated agency revenues	67,027	74,608
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	10,000	10,000
Total non-appropriation administered revenues	10,000	10,000
Total estimated agency and administered revenues	77,027	84,608

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾	2003-04	2003-04	2003-04	2003-04	2003-04
	B ⁽¹⁾	2002-03	2002-03	2002-03	2002-03	2002-03
		opening	receipts	payments	adjustments	closing
		balance				balance
		\$'000	\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS⁽²⁾						
Other Trust Monies		382	-	7	-	375
		253	138	9	-	382
Total special accounts		382	-	7	-	375

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) The special accounts are departmental in nature and are governed by the *Financial Management and Accountability Act 1997*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Competition and Consumer Commission (ACCC) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

The allocation of other expenses is based upon detailed analysis by cost centre managers prior to the commencement of the financial year. Cost centre managers confirm in writing their contribution to the output split, and this information is distributed to staff for coding of actual transactions.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Australian Competition and Consumer Commission		
Output 1.1.1 - Compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed	41,067	48,382
Output 1.1.2 - Competitive market structures and informed behaviour	25,500	25,766
Total revenues from government (appropriations) contributing to price of agency outputs	66,567	74,148
Revenue from other sources		
Goods and services	400	400
Other	60	60
Total revenue from other sources	460	460
Total price from agency outputs		
(Total revenues from government and from other sources)	67,027	74,608
Total estimated resourcing		
(Total price of outputs and administered appropriations)	67,027	74,608
	2003-04	2003-04
Average staffing level (number)	465	460

Revised performance information and level of achievement – 2003-04

The ACCC has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

AGENCY FINANCIAL STATEMENTS

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Competition and Consumer Commission's (ACCC) 2003-04 Annual Report, and form the basis for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying abridged notes.

The budgeted financial statements have been prepared in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the ACCC by identifying full accrual expenses and revenues, which highlights whether the ACCC is operating at a sustainable level.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriation or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in the ACCC's non-financial assets over the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the agency on behalf of the Commonwealth are to be shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	62,560	74,148	67,268	65,983	67,155
Goods and services	530	400	400	400	400
Interest	54	-	-	-	-
Revenue from sales of assets	3	-	-	-	-
Other	-	60	60	60	60
Total revenues from ordinary activities	63,147	74,608	67,728	66,443	67,615
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	35,132	38,200	39,850	40,452	41,063
Suppliers	35,969	40,423	25,570	23,697	24,297
Depreciation and amortisation	2,126	2,145	2,202	2,201	2,183
Write-down of assets	26	-	-	-	-
Value of assets sold	17	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	73,270	80,768	67,622	66,350	67,543
Borrowing costs expense	80	94	106	93	72
Operating surplus or deficit from ordinary activities	(10,203)	(6,254)	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	(10,203)	(6,254)	-	-	-

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	2,186	-	-	-	-
Receivables	8,234	795	795	795	795
Total financial assets	10,420	795	795	795	795
Non-financial assets					
Land and buildings	1,999	3,965	5,043	5,043	5,043
Infrastructure, plant and equipment	1,734	2,050	1,654	1,654	1,654
Inventories	87	95	95	95	95
Intangibles	978	1,485	1,485	1,485	1,485
Other	768	768	768	768	768
Total non-financial assets	5,566	8,363	9,045	9,045	9,045
Total assets	15,986	9,158	9,840	9,840	9,840
LIABILITIES					
Interest bearing liabilities					
Leases	562	562	562	562	562
Total interest bearing liabilities	562	562	562	562	562
Provisions					
Employees	10,386	11,946	12,533	14,144	15,779
Total provisions	10,386	11,946	12,533	14,144	15,779
Payables					
Suppliers	9,070	6,880	6,975	5,364	3,729
Other	468	468	468	468	468
Total payables	9,538	7,348	7,443	5,832	4,197
Total liabilities	20,486	19,856	20,538	20,538	20,538
EQUITY					
Contributed equity	3,100	3,156	3,156	3,156	3,156
Reserves	1,052	1,052	1,052	1,052	1,052
Retained surpluses or accumulated deficits	(8,652)	(14,906)	(14,906)	(14,906)	(14,906)
Total equity	(4,500)	(10,698)	(10,698)	(10,698)	(10,698)
Current liabilities	14,803	13,883	14,272	13,466	12,649
Non-current liabilities	5,683	5,973	6,266	7,072	7,889
Current assets	11,182	1,563	1,563	1,563	1,563
Non-current assets	4,804	7,595	8,277	8,277	8,277

**Table 3.3: Budgeted Agency Statement of Cash Flow
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	62,500	74,148	67,268	65,983	67,155
Goods and services	708	427	400	400	400
Interest	68	-	-	-	-
GST received from the Australian Taxation Office	3,537	-	-	-	-
Other	-	7,439	60	60	60
Total cash received	66,813	82,014	67,728	66,443	67,615
Cash used					
Cash returned to Official Public Account	7,439	-	-	-	-
Employees	34,450	38,846	38,263	38,840	39,428
Suppliers	36,424	41,959	26,317	25,237	25,842
Borrowing costs	80	94	106	93	72
Total cash used	78,393	80,899	64,686	64,170	65,342
Net cash from/(used by) operating activities	(11,580)	1,115	3,042	2,273	2,273
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3	-	-	-	-
Total cash received	3	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,451	2,831	2,609	1,840	1,840
Purchase of intangibles	438	-	-	-	-
Total cash used	1,889	2,831	2,609	1,840	1,840
Net cash from/(used by) investing activities	(1,886)	(2,831)	(2,609)	(1,840)	(1,840)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injection	-	56	-	-	-
Total cash received	-	56	-	-	-
Cash used					
Lease payments	433	526	433	433	433
Other	293	-	-	-	-
Total cash used	726	526	433	433	433
Net cash from/(used by) financing activities	(726)	(470)	(433)	(433)	(433)
Net increase/(decrease) in cash held	(14,192)	(2,186)	-	-	-
Cash at the beginning of the reporting period	16,378	2,186	-	-	-
Cash at the end of the reporting period	2,186	-	-	-	-

Part C: Agency Additional Estimates Statements – ACCC

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	56	-	-	-
Funded internally by agency resources	1,889	4,859	2,609	1,840	1,840
Total	1,889	4,915	2,609	1,840	1,840

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	1,999	-	1,734	-	978	-	4,711
Additions	-	2,488	-	623	-	1,804	-	4,915
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(522)	-	(363)	-	(1,260)	-	(2,145)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	3,965	-	1,994	-	1,522	-	7,481
Total additions								
Self funded	-	2,488	-	623	-	1,748	-	4,859
Appropriations	-	-	-	-	-	56	-	56
Total	-	2,488	-	623	-	1,804	-	4,915

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	7,912	10,000	10,000	10,000	10,000
Total taxation	7,912	10,000	10,000	10,000	10,000
Total revenues administered on behalf of the Government	7,912	10,000	10,000	10,000	10,000
EXPENSES					
Other	-	200	200	200	200
Total expenses administered on behalf of the Government	-	200	200	200	200

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	10	3	3	3	3
Receivables	3,981	5,800	5,800	5,800	5,800
Total financial assets	3,991	5,803	5,803	5,803	5,803
Total assets administered on behalf of the Government	3,991	5,803	5,803	5,803	5,803
LIABILITIES					
Provisions					
Other	-	200	200	200	200
Total liabilities administered on behalf of the Government	-	200	200	200	200
Current liabilities	-	200	200	200	200
Non-current liabilities	-	-	-	-	-
Current assets	3,563	5,203	5,203	5,203	5,203
Non-current assets	428	600	600	600	600

**Table 3.8: Note of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	10,738	9,790	9,790	9,790	9,790
Other	-	10	10	10	10
Total cash received	10,738	9,800	9,800	9,800	9,800
Cash used					
Cash to Official Public Account	10,731	9,807	9,800	9,800	9,800
Total cash used	10,731	9,807	9,800	9,800	9,800
Net cash from operating activities	7	(7)	-	-	-
Net increase/(decrease) in cash held					
Cash at beginning of reporting period	3	10	3	3	3
Cash at end of reporting period	10	3	3	3	3

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets which are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Budgeted agency financial statements

Agency assets, liabilities, revenues and expenses are those items that are controlled by the ACCC. They are used by the ACCC in producing its outputs, including:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from appropriations or independent sources in payment of outputs; and
- employee, supplier and depreciation expenses incurred in producing Commission outputs.

Administered items are those items which are controlled by the Government and managed or oversighted by the ACCC on behalf of the Government. These administered items managed or controlled by the ACCC include authorisation fees, fines and costs.

The purpose of the separation of agency and administered items is to enable the assessment of administrative efficiency of the agency in providing goods and services.

Revenues from government

Revenues from government are revenues relating to the core operating activities of the ACCC. Policies for accounting for revenues from government follow.

Agency appropriations

Since 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework.

Appropriations to the ACCC for its agency outputs are recognised as revenue to the extent they have been received into the ACCC's bank account or are entitled to be received by the ACCC at year end.

Resources received free of charge

Services received free of charge are recognised in the statement of financial performance as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Other revenue

Revenue from the sale of goods (that is, seminars/speakers fees, sale of publications, photocopy revenue and sale of non-current assets) is recognised upon the delivery of goods/services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Administered revenue includes fines and costs, which are recognised as per the court judgement orders. Authorisation fees are recognised when the application is received.

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 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 statement of operating performance on a basis which is representative of the pattern of benefits derived from the lease assets.

The ACCC entered into a sale and lease back of certain information technology assets on 1 July 1999. This sale and lease back of the information technology assets has been specifically treated as a finance lease.

Receivables

Court costs, which are awarded, are not considered as receivables or as creditors, as the case may be, until the costs have been agreed by the concerned parties.

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.

Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive three year cycles.

The ACCC is implementing the requirements of Schedule 2 as follows:

- leasehold improvements were revalued as at 30 June 2002 at depreciated replacement cost;
- plant and equipment (including furniture and fittings, office equipment and computer equipment excluding software) assets were revalued as at 30 June 2002 at deprival value; and
- intangibles (softwares) have not been revalued.

All valuations are independent.

Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the ACCC using, in all cases, the straight line method of depreciation. 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) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Part C: Agency Additional Estimates Statements – ACCC

Depreciation and amortisation rates apply to each class of depreciable asset are as follows:

Asset class	Total useful life
Fitout	Lesser of the term of the lease or 10 years
Furniture and fittings	10 years
Office equipment	5 years
Computer hardware	3 years
Computer software	3 to 7 years

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 93).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$1.624 million for the Australian Office of Financial Management (AOFM).

Measures

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

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	88	90	93	95
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	23	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The AOFM is seeking additional price of outputs funding of \$1.525 million to fund the administrative costs associated with the management of the Commonwealth government securities portfolio and \$0.011 million supplementation for increases in Comcover premiums.

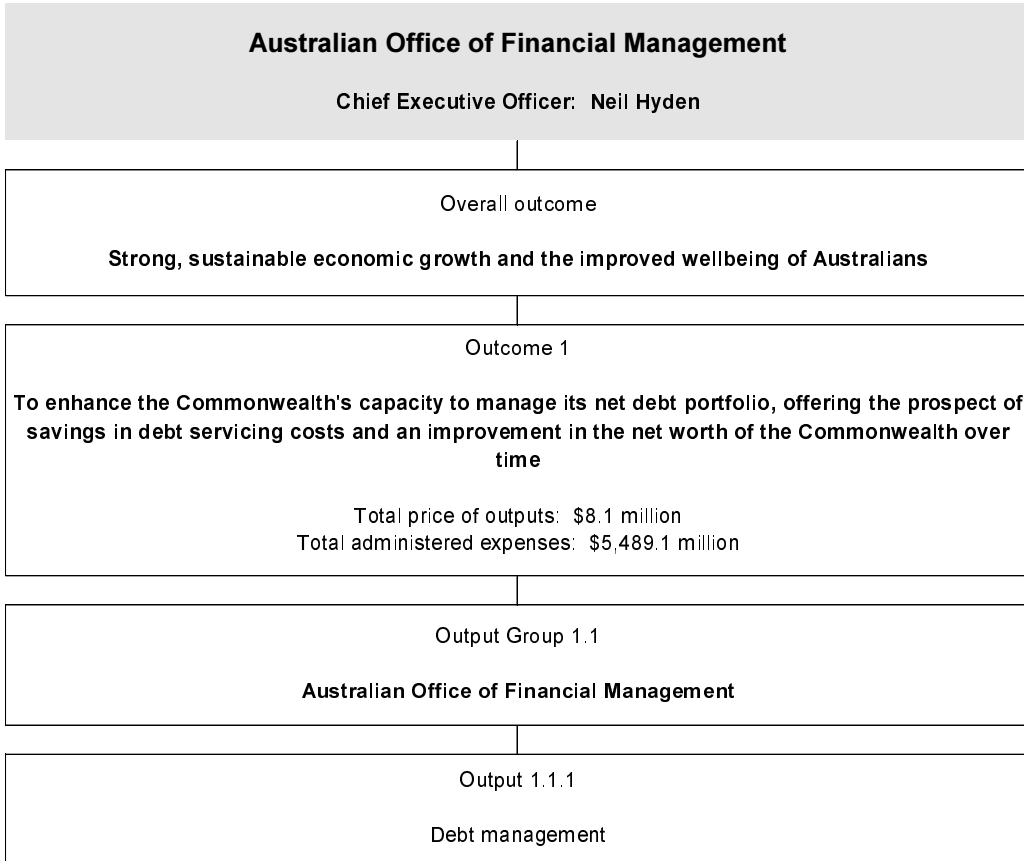
The AOFM will be returning an administered saving of \$2.782 million which represents funding no longer required for the administrative costs associated with the management of the Commonwealth government securities portfolio.

MEASURES — AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04			2004-05			2005-06			2006-07		
			Admin items	Agency outputs	appropriations budget \$'000	Admin items	Agency outputs	appropriations forward estimate \$'000	Admin items	Agency outputs	appropriations forward estimate \$'000	Admin items	Agency outputs	appropriations forward estimate \$'000
Budget estimates - enhanced quality and timeliness	1	1.1	-	88	88	-	90	90	-	93	93	-	95	95
Budget estimates - enhanced quality and timeliness <i>(Related capital)</i>	1	1.1	-	23	23	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
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					
	2,792	2,792	10	-	2,782
Total	2,792	2,792	10	-	2,782
AGENCY OUTPUTS					
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					
	7,094	6,511	8,135	1,624	-
Total	7,094	6,511	8,135	1,624	-
Total administered and agency	9,886	9,303	8,145	1,624	2,782

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-Operating					
Equity injection	-	-	23	23	-
Total capital	-	-	23	23	-
Total	-	-	23	23	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	37	38	1
Total	37	38	1

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	\$2.782 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
A	Savings from capital appropriations	-
Total agency savings		\$2.782 million

The saving of \$2.782 million represents funding no longer required for the administrative costs associated with the management of the Commonwealth government securities portfolio.

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
AOFM section 31 receipts	-	-
Total non-appropriation agency revenues	-	-
Appropriation revenue	6,511	8,135
Total estimated agency revenues	6,511	8,135
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>Financial Agreement Act 1994 - Loan management expenses (recoveries from the States and Northern Territory)</i>	20	20
<i>Financial Agreement Act 1994 - Interest paid by States and Northern Territory on other loans</i>	19,009	19,009
<i>Financial Management and Accountability Act 1997 - Interest on financial assets</i>	153,120	412,911
<i>Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts - Advances to the States and Northern Territory (interest)</i>	94,100	94,100
<i>Loan Securities Act 1919 - Gain on foreign exchange⁽¹⁾</i>	4,546	19,550
<i>Loan Securities Act 1919 - Swaps interest</i>	1,857,998	1,854,670
<i>States (Works and Housing Assistance) Acts - Advances to the States (interest)</i>	68,449	68,449
<i>War Service Lands Settlements Acts - Advances to the States (interest)</i>	303	303
Total non-appropriation administered revenues	2,197,545	2,469,012
Total estimated agency and administered revenues	2,204,056	2,477,147

(1) Includes forward foreign exchange contracts.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
<i>Airports (Transitional) Act 1996</i>		
- Interest on former debts of the Federal Airports Commission	26,989	8,174
<i>Commonwealth Inscribed Stock Act 1911</i> - Loan flotation expenses	422	422
<i>Commonwealth Inscribed Stock Act 1911</i> , <i>Loans Securities Act 1919</i> , <i>Loans Redemption and Conversion Act 1921</i> - Interest	4,095,362	3,962,477
<i>Financial Agreement Act 1994</i> - Assistance for debt redemption	35,292	35,292
<i>Financial Agreement Act 1994</i> - Commonwealth contributions to the Debt Retirement Reserve Trust Account	1,412	1,412
<i>Loans Securities Act 1919</i> - Net repurchase premia	-	(25,557)
<i>Loans Securities Act 1919</i> - Swaps interest	1,354,250	1,473,515
<i>Snowy Hydro Corporatisation Act 1997</i> - Interest	18,377	33,359
Total special appropriations	5,532,104	5,489,094
Other appropriations	2,792	10
Total estimated agency expenses	5,534,896	5,489,104

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾ B ⁽¹⁾ 2003-04 2002-03 opening balance \$'000	2003-04 2002-03 receipts \$'000	2003-04 2002-03 payments \$'000	2003-04 2002-03 closing balance \$'000
SPECIAL ACCOUNTS⁽²⁾				
Debt Retirement Reserve Trust Account	5,997	291,574	297,326	245
	2,831	35,064	31,898	5,997
Total special accounts	5,997	291,574	297,326	245

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) The special account is administered in nature and is governed by the *Financial Agreement Act 1994*.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Office of Financial Management (AOFM) has not made any changes to its outcome or outputs since the 2003-04 Portfolio Budget Statements.

Output cost attribution

The AOFM delivers a single output – debt management – therefore cost attribution between outputs is not required.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Administered appropriations		
Annual appropriations	2,792	10
Special appropriations	114,954,706	127,747,528
Total administered appropriations	114,957,498	127,747,538
Agency appropriations		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	6,511	8,135
Total revenues from government (appropriations) contributing to price of agency outputs	6,511	8,135
Total price from agency outputs		
(Total revenues from government and from other sources)	6,511	8,135
Total estimated resourcing		
(Total price of outputs and administered appropriations)	114,964,009	127,755,673
	2003-04	2003-04
Average staffing level (number)	37	38

Revised performance information and level of achievement – 2003-04

The AOFM has not made any changes to its performance information since the 2003-04 Portfolio Budget Statements.

Section 3: Budgeted financial statements

AGENCY FINANCIAL STATEMENTS

Budgeted agency and administered financial statements and related notes for the Australian Office of Financial Management (AOFM) are presented in this section. The financial statements are produced for 2002-03 (actual results), 2003-04 (revised Budget estimate) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the AOFM by identifying full accrual expenses and revenues.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

This statement provides information on the amount and nature of budgeted cash flows, categorised into expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure on non-financial assets, whether funded through capital appropriations (equity or borrowings) or from internally sourced funds.

Agency non-financial assets — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets during the budget year 2003-04.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the AOFM on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

Part C: Agency Additional Estimates Statements – AOFM

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	7,269	8,135	8,100	8,072	8,145
Interest	15	-	-	-	-
Other	60	-	-	-	-
Total revenues from ordinary activities	7,344	8,135	8,100	8,072	8,145
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	3,217	4,189	4,252	4,313	4,377
Suppliers	1,918	3,191	3,093	3,004	3,014
Depreciation and amortisation	310	755	755	755	754
Write-down of assets	77	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	5,522	8,135	8,100	8,072	8,145
Borrowing costs expense	-	-	-	-	-
Net surplus or deficit	1,822	-	-	-	-
Capital use charge	668	-	-	-	-
Net surplus or deficit attributable to Commonwealth	1,154	-	-	-	-

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	454	1,365	2,307	3,252	4,186
Receivables	4,458	4,458	4,458	4,458	4,458
Total financial assets	4,912	5,823	6,765	7,710	8,644
Non-financial assets					
Infrastructure, plant and equipment	1,325	1,080	829	578	328
Intangibles	24	1,841	1,337	833	329
Other	2,335	31	31	31	31
Total non-financial assets	3,684	2,952	2,197	1,442	688
Total assets	8,596	8,775	8,962	9,152	9,332
LIABILITIES					
Provisions					
Employees	924	1,108	1,295	1,485	1,665
Other	100	100	100	100	100
Total provisions	1,024	1,208	1,395	1,585	1,765
Payables					
Suppliers	177	177	177	177	177
Other	28	-	-	-	-
Total payables	205	177	177	177	177
Total liabilities	1,229	1,385	1,572	1,762	1,942
EQUITY					
Parent equity interest					
Contributed equity	3,400	3,423	3,423	3,423	3,423
Reserves	138	138	138	138	138
Retained surpluses	3,829	3,829	3,829	3,829	3,829
Total parent equity interest	7,367	7,390	7,390	7,390	7,390
Total equity	7,367	7,390	7,390	7,390	7,390
Current liabilities	551	532	589	648	694
Non-current liabilities	678	853	983	1,114	1,248
Current assets	3,427	1,396	2,338	3,283	4,217
Non-current assets	5,169	7,379	6,624	5,869	5,115

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,094	8,135	8,100	8,072	8,145
Interest	20	-	-	-	-
Other	80	-	-	-	-
Total cash received	7,194	8,135	8,100	8,072	8,145
Cash used					
Employees	3,154	4,005	4,065	4,123	4,197
Suppliers	1,795	3,219	3,093	3,004	3,014
Other	61	-	-	-	-
Cash to the Official Public Account	2,854	-	-	-	-
Total cash used	7,864	7,224	7,158	7,127	7,211
Net cash from/(used by) operating activities	(670)	911	942	945	934
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	1,500	-	-	-	-
Total cash received	1,500	-	-	-	-
Cash used					
Purchases of property, plant and equipment and intangibles	1,601	23	-	-	-
Total cash used	1,601	23	-	-	-
Net cash from/(used by) investing activities	(101)	(23)	-	-	-
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	3,062	23	-	-	-
Total cash received	3,062	23	-	-	-
Cash used					
Capital use charge paid	727	-	-	-	-
Cash to the Official Public Account	1,604	-	-	-	-
Total cash used	2,331	-	-	-	-
Net cash from/(used by) financing activities	731	23	-	-	-
Net increase/(decrease) in cash held	(40)	911	942	945	934
Cash at the beginning of the reporting period	494	454	1,365	2,307	3,252
Cash at the end of the reporting period	454	1,365	2,307	3,252	4,186

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	23	-	-	-
Funded internally by agency resources	1,662	-	-	-	-
Total	1,662	23	-	-	-

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	1,325	-	24	-	1,349
Additions	-	-	-	6	-	17	-	23
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(251)	-	(504)	-	(755)
Write-off of assets	-	-	-	-	-	-	-	-
Transfer from assets under construction	-	-	-	-	-	2,304	-	2,304
Carrying amount at the end of year	-	-	-	1,080	-	1,841	-	2,921
Total additions	-	-	-	-	-	-	-	-
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	6	-	17	-	23
Total	-	-	-	6	-	17	-	23

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Non-taxation					
Interest	2,807,087	2,449,442	2,674,573	2,952,988	3,484,543
Net foreign exchange gains	1,295,927	19,550	-	-	-
Other	469,049	20	20	20	20
Total non-taxation	4,572,063	2,469,012	2,674,593	2,953,008	3,484,563
Total revenues administered on behalf of the Government	4,572,063	2,469,012	2,674,593	2,953,008	3,484,563
EXPENSES					
Grants	31,309	36,704	54,340	195,690	-
Interest and financing costs	6,344,140	5,452,400	5,504,158	4,992,883	4,578,111
Total expenses administered on behalf of the Government	6,375,449	5,489,104	5,558,498	5,188,573	4,578,111

Part C: Agency Additional Estimates Statements – AOFM

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Accrued interest revenues	204,550	122,291	136,180	178,382	240,171
Cash	181	181	181	181	181
Investments	12,200,000	-	-	-	-
Receivables	4,258,688	3,800,794	3,643,580	3,428,456	3,341,923
Total financial assets	16,663,419	3,923,266	3,779,941	3,607,019	3,582,275
Total assets administered on behalf of the Government	16,663,419	3,923,266	3,779,941	3,607,019	3,582,275
LIABILITIES					
Interest bearing liabilities					
Commonwealth securities	57,993,679	43,247,283	40,604,230	25,770,896	8,137,474
Other	567,386	-	-	-	-
Total interest bearing liabilities	58,561,065	43,247,283	40,604,230	25,770,896	8,137,474
Payables					
Interest	3,141,533	3,154,000	3,252,000	2,629,000	2,851,000
Suppliers	19	-	-	-	-
Total payables	3,141,552	3,154,000	3,252,000	2,629,000	2,851,000
Total liabilities administered on behalf of the Government	61,702,617	46,401,283	43,856,230	28,399,896	10,988,474

**Table 3.8: Note of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,018,414	2,539,948	2,623,966	2,981,494	3,438,024
Cash from Official Public Account	4,863,926	5,600,917	5,545,242	6,059,971	4,551,260
Other	149	20	20	20	20
Total cash received	5,882,489	8,140,885	8,169,228	9,041,485	7,989,304
Cash used					
Grant payments	31,462	36,704	54,340	195,690	-
Interest and financing payments	4,832,411	5,564,213	5,490,902	5,864,281	4,551,260
Cash to Official Public Account	1,018,496	2,539,968	2,623,986	2,981,514	3,438,044
Other	12	-	-	-	-
Total cash used	5,882,381	8,140,885	8,169,228	9,041,485	7,989,304
Net cash from operating activities	108	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other - housing loan repayments	77,709	79,822	82,209	84,406	86,533
Total cash received	77,709	79,822	82,209	84,406	86,533
Cash used					
Cash to Official Public Account	77,709	79,822	82,209	84,406	86,533
Total cash used	77,709	79,822	82,209	84,406	86,533
Net cash from investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing ⁽¹⁾	16,581,122	106,970,661	124,148,409	215,959,356	288,400,457
Cash from Official Public Account	23,625,136	122,152,373	126,594,995	230,484,282	305,854,000
Swap principal ⁽²⁾	1,793,334	12,581,566	-	-	-
Other	33,402	-	-	-	-
Total cash received	42,032,994	241,704,600	250,743,404	446,443,638	594,254,457
Cash used					
Repayments of debt ⁽¹⁾	21,822,681	109,122,926	126,594,995	230,484,282	305,854,000
Cash to Official Public Account	18,407,858	119,552,227	124,148,409	215,959,356	288,400,457
Swap principal ⁽²⁾	1,802,455	13,029,447	-	-	-
Total cash used	42,032,994	241,704,600	250,743,404	446,443,638	594,254,457
Net cash from financing activities	-	-	-	-	-
Net increase/(decrease) in cash held					
cash held	108	-	-	-	-
Cash at beginning of reporting period	73	181	181	181	181
Cash at end of reporting period	181	181	181	181	181

(1) Includes investment activity.

(2) Includes forward foreign exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position of the AOFM.

Administered internal transactions

Administered transactions between the AOFM and other agencies within the general government (administered internal transactions) are not reported in the note of budgeted administered financial performance or the note of administered financial position.

Cash flows in the note of budgeted administered cash flows are reported inclusive of administered internal transactions.

Goods and services tax (GST)

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

The budgeted financial statements have been prepared in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

Budgeted agency and administered financial statements

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, 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.
- Administered assets, liabilities, revenues and expenses are those which are managed on behalf of the Government according to set government directions. Administered expenses include interest incurred on Commonwealth debt and administered revenues include interest earned on housing agreement loans and interest from swaps.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided to the AOFM for:

- agency price of outputs appropriations: representing the Government's purchase of outputs; and
- administered expense appropriations: for the repayment of interest on lapsed coupons not supported by a Special Appropriation.

Special appropriations continue under the accrual budgeting framework and fund the majority of payments from the Official Public Account, including debt redemption, interest payments and financial investment activity.

Budgeted agency financial performance

Appropriations

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation is based on budgeted expenses.

The AOFM has prepared its estimates for the 2003-04 budget year and forward years to achieve a break-even operating result. Consequently appropriation revenues from Government represent the funding required to meet budgeted expenses.

Interest revenue

With the discontinuation of Agency Banking Incentive Scheme from 1 July 2003, the AOFM will not earn agency interest revenue for 2003-04 and onwards.

Budgeted agency financial position

Cash

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

- settle employee liabilities as they fall due;
- make asset replacements (from depreciation funding); and
- repay liabilities.

Budgeted financial statements have been prepared on the assumption that unspent monies will not be withdrawn by the Department of Finance and Administration.

Administered notes of budgeted financial statements

Revenues and expenses

Non-taxation revenue — interest

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
Interest					
Interest on housing agreements	166,110	162,852	159,477	155,985	152,382
Interest on State and Northern Territory debt	26,692	19,009	10,847	633	-
Interest from other sources	2,614,285	2,267,581	2,504,249	2,796,370	3,332,161
Total interest	2,807,087	2,449,442	2,674,573	2,952,988	3,484,543

Interest from other sources includes interest from swaps and investments.

Expenses — grants

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
Grants					
Grants to State and Northern Territory Governments	31,309	36,704	54,340	195,690	-
Total grants	31,309	36,704	54,340	195,690	-

Expenses — interest and financing costs

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
Interest and financing costs					
Interest on Government securities	4,566,164	3,962,487	3,772,116	3,433,433	3,363,131
Interest on swaps	1,663,032	1,473,515	1,706,188	1,545,507	1,212,558
Interest on other debt	45,754	41,533	25,432	13,521	2,000
Net repurchase premia	67,872	(25,557)	-	-	-
Other financing costs	1,318	422	422	422	422
Total interest and financing costs	6,344,140	5,452,400	5,504,158	4,992,883	4,578,111

Assets and Liabilities

Debt — Commonwealth securities

Commonwealth securities represent the book value of government securities on issue, net of investments (except for 2002-03 where they are reported on a gross basis).

Financial assets — receivables

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
Receivables					
Loans to State and Northern Territory Governments	4,177,920	3,800,772	3,643,558	3,428,434	3,341,901
Other	80,768	22	22	22	22
Total receivables	4,258,688	3,800,794	3,643,580	3,428,456	3,341,923

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 143).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$17.642 million for the Australian Securities and Investments Commission (ASIC).

Measures

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

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	116	121	126	131
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	2	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The following variations contributed to a change in agency departmental outputs of \$17.526 million for ASIC. Explanations for these variations are detailed below.

HIH Taskforce

ASIC is seeking to reclassify funding appropriated in the 2003-04 Budget of \$17.5 million (\$28.2 million over two years) from administered to departmental. There has been no increase in the total amount of funding provided by the Government for this purpose.

Increase in the price of outputs

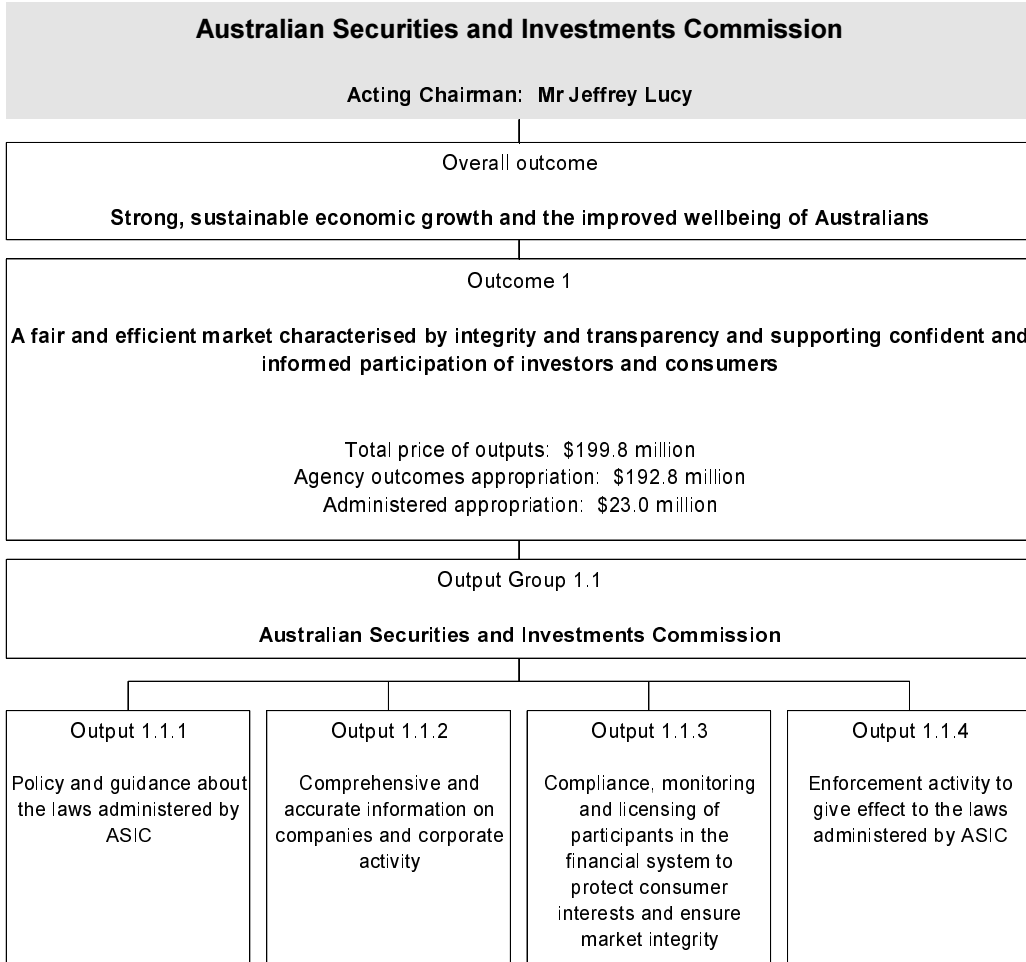
ASIC is seeking additional price of outputs funding of \$0.026 million following the Government decision to supplement ASIC for increases in Comcover premium rates for 2003-04.

MEASURES — AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04			2004-05			2005-06			2006-07		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Budget estimates - enhanced quality and timeliness	1	1.1	-	116	116	-	121	121	-	126	126	-	131	131
Budget estimates - enhanced quality and timeliness <i>(Related capital)</i>	1	1.1	-	2	2	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers					
	21,000	39,525	23,000	-	16,525
Total	21,000	39,525	23,000	-	16,525
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers					
	159,981	175,142	192,784	17,642	-
Total	159,981	175,142	192,784	17,642	-
Total administered and agency	180,981	214,667	215,784	17,642	16,525

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-Operating					
Equity injection	-	-	2	2	-
Total capital	-	-	2	2	-
Total	-	-	2	2	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers			
	1,460	1,530	70
Total	1,460	1,530	70

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	\$17.5 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
A	Savings from capital appropriations	-
Total agency savings		\$17.5 million

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	2,850	2,850
Interest	150	800
Other	2,100	3,400
Total non-appropriation agency revenues	5,100	7,050
Appropriation revenue	175,142	192,784
Total estimated agency revenues	180,242	199,834
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	471,540	471,540
Total non-appropriation administered revenues	471,540	471,540
Appropriation revenue	39,525	23,000
Total estimated administered revenues	511,065	494,540
Total estimated agency and administered revenues	691,307	694,374

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Securities and Investments Commission (ASIC) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

Each programme of activity (cost centre) in ASIC is linked to one of the four outputs. Accordingly, expenses against these programmes accrue against the outputs as they occur.

Where an expense relates to more than one output, it is allocated using a predetermined formula. For example, property lease overheads are allocated using staff numbers attributed to each programme.

Part C: Agency Additional Estimates Statements – ASIC

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Administered appropriations		
Annual appropriations		
Investigation and litigation into the collapse of the HIH Group	17,500	-
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	16,025	18,000
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	2,000	3,000
Reimbursement of overpayment of fees paid under the <i>Corporations Act 2001</i>	4,000	2,000
Total administered appropriations	39,525	23,000
Agency appropriations		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	9,327	9,327
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	44,250	44,250
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	58,328	58,328
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	63,237	80,879
Total revenues from government (appropriations) contributing to price of agency outputs	175,142	192,784
Revenue from other sources		
Goods and services	2,850	2,850
Interest	150	800
Other	2,100	3,400
Total revenue from other sources	5,100	7,050
Total price from agency outputs (Total revenues from government and from other sources)	180,242	199,834
Total estimated resourcing (Total price of outputs and administered appropriations)	219,767	222,834
	2003-04	2003-04
Average staffing level (number)	1,460	1,530

Revised performance information and level of achievement – 2003-04

ASIC has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted agency and financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

Budgeted cash flows, as reflected in the statement of 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.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriation or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in ASIC's non-financial assets during the budget year.

NOTE OF ADMINISTERED ACTIVITY

The financial results from revenue and special appropriations administered by ASIC on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note 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.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	162,832	192,784	182,645	173,178	172,090
Goods and services	2,782	2,850	2,900	2,950	3,000
Interest	2,094	800	150	150	150
Revenue from sales of assets	69	-	-	-	-
Other	4,718	3,400	3,440	3,470	3,510
Revenues from ordinary activities	172,495	199,834	189,135	179,748	178,750
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	96,919	111,744	108,855	105,274	105,017
Suppliers	62,557	74,446	66,001	59,803	58,528
Depreciation and amortisation	12,317	12,984	13,791	14,148	14,572
Write-down of assets	255	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	172,048	199,174	188,647	179,225	178,117
Borrowing costs expense	559	660	488	523	633
Net surplus or deficit	(112)	-	-	-	-

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	11,188	7,359	7,145	6,631	6,571
Receivables	3,375	1,793	1,677	1,677	1,677
Total financial assets	14,563	9,152	8,822	8,308	8,248
Non-financial assets					
Leasehold improvements	12,133	11,853	11,539	11,170	10,870
Infrastructure, plant and equipment	12,930	13,484	13,959	13,375	14,067
Intangibles	8,200	10,829	10,282	10,444	11,194
Other	1,036	1,036	1,036	1,036	1,036
Total non-financial assets	34,299	37,202	36,816	36,025	37,167
Total assets	48,862	46,354	45,638	44,333	45,415
LIABILITIES					
Interest bearing liabilities					
Leases	11,364	9,366	10,231	12,141	14,784
Other	4,126	3,555	3,008	2,479	2,070
Total interest bearing liabilities	15,490	12,921	13,239	14,620	16,854
Provisions					
Employees	27,637	27,939	26,593	24,193	23,084
Total provisions	27,637	27,939	26,593	24,193	23,084
Payables					
Suppliers	6,767	6,526	6,838	6,552	6,509
Total payables	6,767	6,526	6,838	6,552	6,509
Total liabilities	49,894	47,386	46,670	45,365	46,447
EQUITY					
Parent equity interest					
Reserves	5,254	5,254	5,254	5,254	5,254
Accumulated deficits	(6,286)	(6,286)	(6,286)	(6,286)	(6,286)
Total parent equity interest	(1,032)	(1,032)	(1,032)	(1,032)	(1,032)
Total equity	(1,032)	(1,032)	(1,032)	(1,032)	(1,032)
Current liabilities	27,292	26,060	25,995	25,331	25,953
Non-current liabilities	22,602	21,326	20,675	20,034	20,494
Current assets	15,599	10,188	9,858	9,344	9,284
Non-current assets	33,263	36,166	35,780	34,989	36,131

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	159,981	192,784	182,645	173,178	172,090
Sales of goods and services	3,234	2,620	2,866	2,800	2,941
Interest	2,094	800	150	150	150
Other	4,021	3,400	3,440	3,470	3,510
GST recovered	6,953	4,553	4,491	4,501	4,411
Total cash received	176,283	204,157	193,592	184,099	183,102
Cash used					
Employees	(96,208)	(112,242)	(110,698)	(105,839)	(106,017)
Suppliers	(68,905)	(77,199)	(70,080)	(66,804)	(63,441)
Borrowing costs	(559)	(660)	(488)	(523)	(633)
Total cash used	(165,672)	(190,101)	(181,266)	(173,166)	(170,091)
Net cash from/(used by) operating activities	10,611	14,056	12,326	10,933	13,011
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	69	-	-	-	-
Total cash received	69	-	-	-	-
Cash used					
Purchase of property, plant and equipment	(11,066)	(11,665)	(5,851)	(6,336)	(7,425)
Total cash used	(11,066)	(11,665)	(5,851)	(6,336)	(7,425)
Net cash from/(used by) investing activities	(10,997)	(11,665)	(5,851)	(6,336)	(7,425)
FINANCING ACTIVITIES					
Cash used					
Repayments of finance lease principal	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Total cash used	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Net cash from/(used by) financing activities	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Net increase/(decrease) in cash held	(5,358)	(3,829)	(214)	(514)	(60)
Cash at the beginning of the reporting period	16,546	11,188	7,359	7,145	6,631
Cash at the end of the reporting period	11,188	7,359	7,145	6,631	6,571

Part C: Agency Additional Estimates Statements – ASIC

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	2	-	-	-
Funded internally by agency resources	18,068	15,885	13,405	13,357	15,714
Total	18,068	15,887	13,405	13,357	15,714

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Leasehold improvements	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	12,133	-	12,930	-	8,200	-	33,263
Additions	-	2,795	-	7,771	-	5,321	-	15,887
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(3,075)	-	(7,217)	-	(2,692)	-	(12,984)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	11,853	-	13,484	-	10,829	-	36,166
Total additions								
Self funded	-	2,795	-	7,769	-	5,321	-	15,885
Appropriations	-	-	-	2	-	-	-	2
Total	-	2,795	-	7,771	-	5,321	-	15,887

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Non-taxation					
Appropriations	21,000	23,000	25,000	28,000	30,000
Interest	150	140	140	140	140
Other	431,162	471,400	474,250	480,545	487,139
Total non-taxation	452,312	494,540	499,390	508,685	517,279
Total revenues administered on behalf of the Government	452,312	494,540	499,390	508,685	517,279
EXPENSES					
Other	26,839	39,291	43,000	35,500	37,500
Total expenses administered on behalf of the Government	26,839	39,291	43,000	35,500	37,500

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	5,378	3,148	3,148	3,148	3,148
Receivables	18,652	53,081	49,761	57,694	55,829
Total financial assets	24,030	56,229	52,909	60,842	58,977
Total assets administered on behalf of the Government	24,030	56,229	52,909	60,842	58,977
LIABILITIES					
Payables					
Other payables	8,170	920	920	920	920
Total payables	8,170	920	920	920	920
Total liabilities administered on behalf of the Government	8,170	920	920	920	920
Current liabilities	8,170	920	920	920	920
Non-current liabilities	-	-	-	-	-
Current assets	24,030	56,229	52,909	60,842	58,977
Non-current assets	-	-	-	-	-

**Table 3.8: Note of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account	21,000	23,000	25,000	28,000	30,000
Other	431,333	413,570	459,710	465,252	481,644
Total cash received	452,333	436,570	484,710	493,252	511,644
Cash used					
Cash to Official Public Account	429,408	415,800	459,710	465,252	481,644
Other	21,000	23,000	25,000	28,000	30,000
Total cash used	450,408	438,800	484,710	493,252	511,644
Net cash from operating activities	1,925	(2,230)	-	-	-
Net increase/(decrease) in cash held	1,925	(2,230)	-	-	-
Cash at beginning of reporting period	3,453	5,378	3,148	3,148	3,148
Cash at end of reporting period	5,378	3,148	3,148	3,148	3,148

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Budgeted agency financial statements and notes for the administered items

Under the Commonwealth'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 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 Government according to set Government directions. Administered expenses and administered revenues include taxes, fees, fines and expenses that have been earmarked for a specific purpose by Government.

Appropriations in the accrual budgeting framework

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

- departmental price of outputs appropriations representing the Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the 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.

Asset valuation

From 1 July 2002, Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to value infrastructure, plant and equipment and leasehold improvements on a three yearly revaluation cycle. ASIC intends to adopt fair value as a basis for valuing its non-current assets.

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 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 statement of financial performance on a basis, which is representative of the pattern of benefits derived from the lease assets.

Depreciation and amortisation

Depreciable, plant and equipment and leased information technology assets are written off to their estimated residual values over their estimated useful lives using in all cases the straight line method of depreciation. 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.

AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 167).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Taxation Office (ATO) is seeking a net increase in agency outputs of \$0.659 million for the Comcover premium and \$0.227 million for the implementation of the Budget Estimates and Framework Review in Appropriation Bill (No. 3) 2003-04.

Measures

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

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Baby Bonus adoptions ⁽¹⁾
Refundable film tax offset - amendment ⁽¹⁾	-	-	-	-
Superannuation - extended Government superannuation co-contribution for low income earners ⁽¹⁾	(125,000)	95,000	120,000	110,000
Budget estimates - enhanced quality and timeliness ⁽²⁾	227	103	153	109
Family Tax Benefit and Child Care Benefit - extension of time for top-up payments and claims ⁽³⁾	-	20,700	20,800	20,900

(1) These measures are administered in nature.

(2) This measure is departmental in nature.

(3) This is a cross portfolio measure. This table shows Australian Taxation Office's contribution to the measure. Further information can be found in the Department of Family and Community Services *2003-04 Portfolio Additional Estimates Statements*.

Baby Bonus adoptions

The Government will amend the application of the Baby Bonus in relation to adoptive parents. Once legally responsible for the child, adoptive parents will be able to claim the Baby Bonus for the period between commencing care for the child and being granted legal responsibility via an adoption order. Previously, adoptive parents' eligibility for the Baby Bonus commenced on the date that they were granted legal responsibility, through an adoption order, which may have been some time after they commenced care of the child.

The measure will be given effect from 1 July 2001, which was the date on which the Baby Bonus came into effect.

Refundable film tax offset — amendment

The Government will make minor amendments to the provisions for the refundable tax offset for large-scale films. These changes concern the interaction of the refundable film tax offset and the film concession contained in Division 10BA of the *Income Tax Assessment Act 1936*.

The amendment will ensure that, where Division 10BA benefits have not been accessed, provisional Division 10BA certification can be revoked, enabling film producers to be eligible to apply for the refundable film tax offset instead.

Currently film producers routinely seek provisional Division 10BA film certification as the first stage in raising funds for a film concept without knowing whether or not a foreign studio will fund the project. However, such provisional certification currently causes films to be ineligible for the film tax offset, regardless of whether investors have accessed Division 10BA benefits.

Further information can be found in the joint press release of 15 August 2003 issued by the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer.

Superannuation — extended Government superannuation co-contribution for low income earners

The Government has extended the income threshold for the superannuation co-contribution for low income earners from 1 July 2003. This will have a cost of \$325 million over the three years from 2004-05.

The co-contribution matches eligible personal superannuation contributions made by qualifying low income earners after 1 July 2003. A maximum co-contribution of \$1,000 is payable in respect of individuals whose assessable income and reportable fringe benefits do not exceed \$27,500 (previously \$20,000). The maximum co-contribution is reduced by 8 cents for each dollar of assessable income and reportable fringe benefits over \$27,500, phasing out at \$40,000 (previously \$32,500). The co-contribution is treated as an undeducted contribution for tax purposes.

The start date for the Government superannuation co-contribution was delayed from 1 July 2002 to 1 July 2003. This delay reflects the failure of certain superannuation legislation to achieve passage through Parliament prior to 30 June 2003, and will result in a saving of \$125 million in 2003-04.

Further information can be found in the press release of 7 September 2003 issued by the Minister for Revenue and Assistant Treasurer.

See also the related revenue measure titled *Superannuation – delayed replacement of the personal superannuation contributions rebate* in the Treasury portfolio.

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Family Tax Benefit and Child Care Benefit — extension of time for top-up payments and claims¹

The Government has decided to modify the arrangements under which families can claim the Family Tax Benefit (FTB) and Child Care Benefit (CCB) at an expected cost of \$181.2 million over four years.

The Government will extend by 12 months the amount of time families have to lodge their tax return in order to receive a top-up to their FTB and CCB payments when they have received less than their correct entitlement. The measure will also give families an extra twelve months to claim FTB and CCB as a lump sum payment. Families will now have two years after the end of the relevant income year in which to receive a top-up payment and to make a lump sum claim.

The changes will apply to the 2001-02 income year and subsequent income years. As a transitional measure, the Government will allow taxpayers who lodge an FTB claim with Centrelink between 1 July 2003 and 30 June 2004 in relation to the 2001-02 income year to claim a tax deduction for tax agent fees incurred in preparing these claims.

¹ This is a cross portfolio measure. Further information can be found in the Department of Family and Community Services 2003-04 Portfolio Additional Estimates Statements.

Part C: Agency Additional Estimates Statements – ATO

Further information can be found in the press release of 5 September 2003 issued by the Minister for Family and Community Services.

Other variations to appropriations

The ATO is seeking additional price of outputs funding of \$0.659 million for the increase in the Comcover premium in 2003-04.

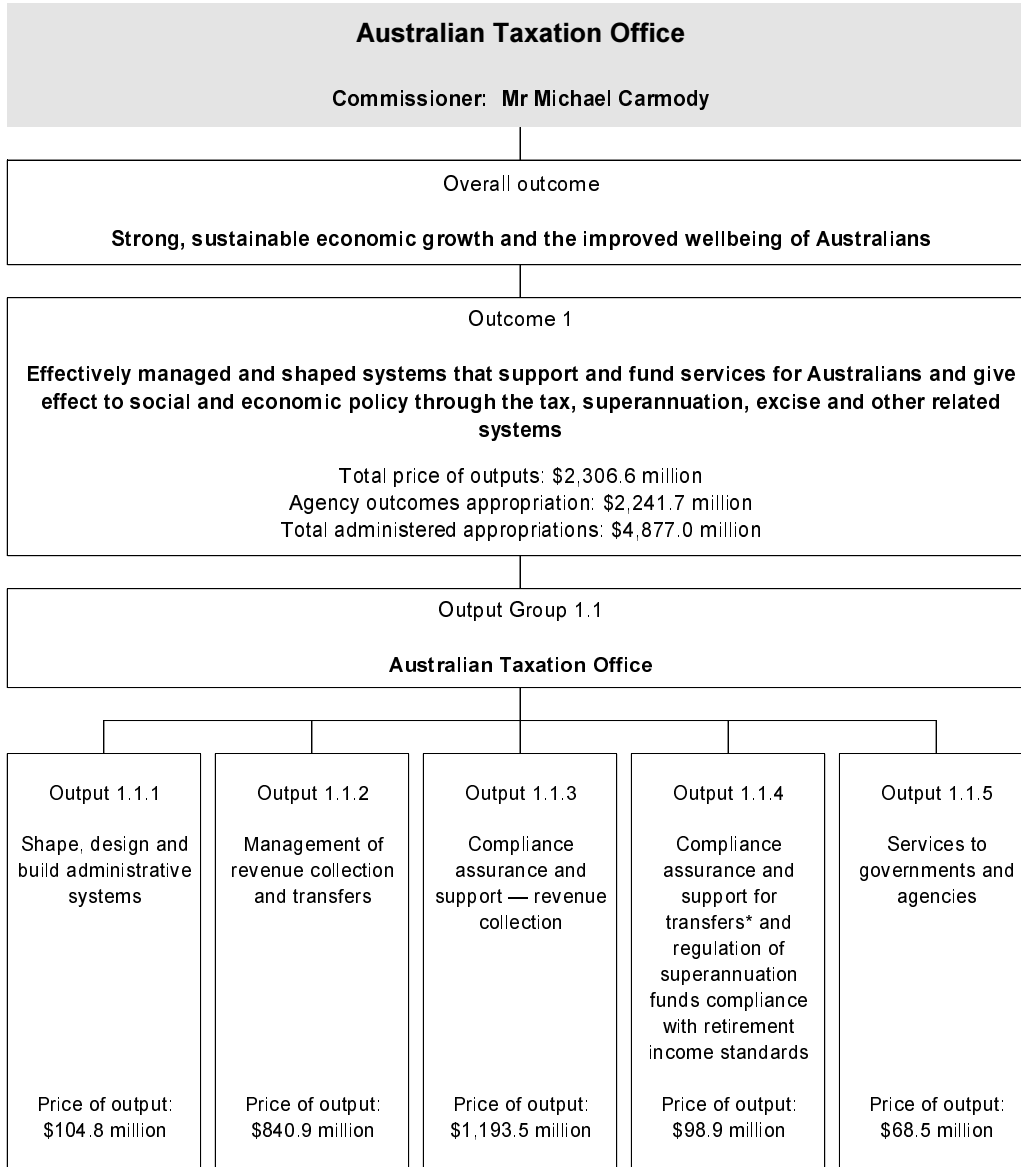
MEASURES — AUSTRALIAN TAXATION OFFICE SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04			2004-05			2005-06			2006-07		
			appropriations budget \$'000			appropriations forward estimate \$'000			appropriations forward estimate \$'000			appropriations forward estimate \$'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Baby Bonus adoptions	1	1.1	-	-	-	-	-	-	-	-	-	-	-	
Refundable film tax offset - amendment	1	1.1	-	-	-	-	-	-	-	-	-	-	-	
Superannuation - extended Government superannuation														
co-contribution for low income earners	1	1.1	(125,000)	-	(125,000)	95,000	-	95,000	120,000	-	120,000	110,000	-	
Budget estimates - enhanced quality and timeliness	1	1.1	-	227	227	-	103	103	-	153	153	-	109	
Family Tax Benefit and Child Care Benefit - extension of time for top-up payments and claims ⁽¹⁾	1	1.1	-	-	-	20,700	-	20,700	20,800	-	20,800	20,900	-	

(1) This is a cross portfolio measure. This table shows Australian Taxation Office's contribution to the measure. Further information can be found in the Department of Family and Community Services 2003-04 Portfolio Additional Estimates Statements.

Map 2: Outcomes and output groups for the agency



* Transfers – movement of money that is not revenue for example tax offsets, grants, super guarantee vouchers, and benefits distribution.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
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	2,148,573	2,240,834	2,241,720	886	-
Total	2,148,573	2,240,834	2,241,720	886	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	20,930	20,750	(180)
Total	20,930	20,750	(180)

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget \$'000	2003-04 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
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	2,240,834	2,241,720	59,791	63,259	3,468
Total	2,240,834	2,241,720	59,791	63,259	3,468

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	59,791	63,259
Other	1,650	1,650
Total non-appropriation agency revenues	61,441	64,909
Appropriation revenue	2,240,834	2,241,720
Total estimated agency revenues	2,302,275	2,306,629
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
<i>Superannuation (Unclaimed Money and Lost Member) Act 1999 -</i> Unclaimed Monies	350	15
<i>Superannuation Guarantee (Administration) Act 1992 -</i> Shortfalls, penalties and fines	192,000	284,000
<i>Superannuation Industry (Supervision) Act 1993 -</i> Self Managed Superannuation Fund Levy	11,400	12,700
Total Taxation Revenue	191,439,650	196,600,000
Miscellaneous Receipts	12,000	12,000
Total non-appropriation administered revenues	191,655,400	196,908,715
Appropriation revenue	4,676,911	4,877,015
Total estimated administered revenues	196,332,311	201,785,730
Total estimated agency and administered revenues	198,634,586	204,092,359

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Energy Grants (Credits) Scheme	3,175,000	3,260,000
Fuel Sales Grants Scheme	220,000	240,000
Family Tax Benefit	410,000	450,000
Measure for a Better Environment - Cleaner Fuel	28,000	28,000
Product Stewardship Waste Oil	24,000	12,000
Refunds of Receipts (Individuals) - <i>Tax Administration Act 1953</i>	12,702,561	13,017,000
Less amount of refunds deducted from receipts items	(12,200,000)	(12,300,000)
Superannuation Co-contribution	125,000	-
<i>Superannuation Guarantee (Administration) Act 1992</i>		
Distribution of charges	192,000	170,000
<i>Superannuation (Unclaimed Money and Lost member) Act 1999</i>		
Repayments of unclaimed monies	350	15
Total estimated agency expenses	4,676,911	4,877,015

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

	A ⁽¹⁾	2003-04	2003-04	2003-04	2003-04	2003-04
	B ⁽¹⁾	2002-03	2002-03	2002-03	2002-03	2002-03
		opening	receipts	payments	adjustments	closing
		balance				balance
		\$'000	\$'000	\$'000	\$'000	\$'000
SPECIAL ACCOUNTS						
Australian Valuation Office ⁽²⁾		5,663	18,218	18,013	-	5,868
		7,800	20,029	22,166	-	5,663
Excise Security Deposits ⁽³⁾		36	20	20	-	36
		17	26	7	-	36
Other Trust Monies ⁽³⁾		20,352	250	20	-	20,582
		20,117	235	-	-	20,352
Superannuation Holding Accounts		56,021	40,000	30,000	-	66,021
Reserve Trust Account ⁽⁴⁾		57,118	20,775	21,872	-	56,021
Total special accounts		82,072	58,488	48,053	-	92,507

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*.

(3) These special accounts are administered in nature and are governed by the *Financial Management and Accountability Act 1997*.

(4) This special account is administered in nature and is governed by the *Superannuation Supervision Act 1995*.

Note 1: Figures are cash based and include transactions between the Australian Valuation Office and the Australian Taxation Office.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Taxation Office (ATO) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

The ATO uses a process of cost allocation to estimate its actual costs incurred on each of the five outputs.

Direct costs are assigned by cost centre managers to the five outputs. Enabling costs such as information technology, corporate overheads and accommodation are attributed to cost centres using actual usage where effective to do so, or through the use of a variety of drivers including headcount.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Administered appropriations		
Special appropriations	4,676,911	4,877,015
Total administered appropriations	4,676,911	4,877,015
Agency appropriations		
Output Group 1.1 - Australian Taxation Office		
Output 1.1.1 - Shape, design and build administrative systems	52,135	104,750
Output 1.1.2 - Management of revenue collection and transfers	870,656	840,944
Output 1.1.3 - Compliance assurance and support - revenue collection	1,208,329	1,193,593
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards	102,922	98,907
Output 1.1.5 - Services to governments and agencies	6,792	3,526
Total revenues from government (appropriations) contributing to price of agency outputs	2,240,834	2,241,720
Revenue from other sources		
Agency Section 31 receipts	59,791	63,259
Other	1,650	1,650
Total revenue from other sources	61,441	64,909
Total price from agency outputs		
(Total revenues from government and from other sources)	2,302,275	2,306,629
Total estimated resourcing		
(Total price of outputs and administered appropriations)	6,979,186	7,183,644
	2003-04	2003-04
Average staffing level (number)	20,930	20,750

Revised performance information and level of achievement – 2003-04

The ATO has not made any changes to its performance information since the 2003-04 Portfolio Budget Statements.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Taxation Office (ATO) 2003-04 Annual Report, and for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides the expected financial results for the ATO by identifying full accrual expenses and revenues, which highlights whether the ATO is operating at a sustainable level.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded either through the Budget as appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in the ATO's non-financial assets over the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the ATO on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	2,148,573	2,241,720	2,276,699	2,322,762	2,352,875
Goods and services	62,334	63,259	47,111	41,113	41,493
Interest	2,912	-	-	-	-
Revenue from sales of assets	81	-	-	-	-
Other	2,571	1,650	1,730	1,820	1,910
Revenues from ordinary activities	2,216,471	2,306,629	2,325,540	2,365,695	2,396,278
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,310,360	1,423,749	1,414,782	1,447,362	1,461,050
Suppliers	744,123	791,480	805,221	799,841	805,096
Depreciation and amortisation	73,902	90,318	104,697	117,623	129,242
Write-down of assets	4,294	-	-	-	-
Value of assets sold	368	-	-	-	-
Other	-	270	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	2,133,047	2,305,817	2,324,700	2,364,826	2,395,388
Borrowing costs expense	261	-	-	-	-
Operating surplus or deficit from ordinary activities	83,163	812	840	869	890
Income tax expense	99	243	252	261	267
Net surplus or deficit	83,064	569	588	608	623

Part C: Agency Additional Estimates Statements – ATO

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	32,122	32,194	32,985	33,049	30,282
Appropriation Receivables	229,544	194,544	171,544	176,044	196,044
Other Receivables	25,790	25,898	23,431	22,429	22,529
Total financial assets	287,456	252,636	227,960	231,522	248,855
Non-financial assets					
Land and buildings	70,503	74,406	81,624	86,446	88,585
Infrastructure, plant and equipment	79,727	85,066	88,711	92,275	90,889
Intangibles	159,098	187,994	192,599	204,840	212,155
Other	34,049	34,028	34,132	34,300	34,509
Total non-financial assets	343,377	381,494	397,066	417,861	426,138
Total assets	630,833	634,130	625,026	649,383	674,993
LIABILITIES					
Interest bearing liabilities					
Other	10,242	10,143	10,064	9,985	9,906
Total interest bearing liabilities	10,242	10,143	10,064	9,985	9,906
Provisions					
Employees	453,191	454,280	442,590	467,554	492,067
Other	29,555	29,651	29,384	29,117	28,849
Total provisions	482,746	483,931	471,974	496,671	520,916
Payables					
Suppliers	152,613	154,549	157,179	156,603	157,729
Other	903	894	904	914	921
Total payables	153,516	155,443	158,083	157,517	158,650
Total liabilities	646,504	649,517	640,121	664,173	689,472
EQUITY					
Parent equity interest					
Contributed equity	185,996	185,996	185,996	185,996	185,996
Reserves	13,087	13,087	13,087	13,087	13,087
Retained surpluses or accumulated deficits	(214,754)	(214,470)	(214,178)	(213,873)	(213,562)
Total parent equity interest	(15,671)	(15,387)	(15,095)	(14,790)	(14,479)
Total equity	(15,671)	(15,387)	(15,095)	(14,790)	(14,479)
Current liabilities	332,331	323,839	303,525	314,265	326,181
Non-current liabilities	314,173	325,678	336,596	349,908	363,291
Current assets	315,931	281,095	256,506	260,208	277,717
Non-current assets	314,902	353,035	368,520	389,175	397,276

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,148,573	2,276,720	2,299,699	2,322,762	2,352,875
Goods and services	62,390	63,350	49,694	42,072	41,432
GST - input credit receipts	68,073	78,753	80,212	79,836	80,274
GST - receipts from customers	4,526	2,176	2,120	2,106	2,141
Interest	3,056	-	-	-	-
Total cash received	2,286,618	2,420,999	2,431,725	2,446,776	2,476,722
Cash used					
Employees	1,268,423	1,423,889	1,427,597	1,423,649	1,437,787
Suppliers	772,087	788,322	801,311	799,109	802,616
GST payments to suppliers	75,062	81,129	82,449	81,899	82,455
Taxes paid	319	243	252	261	267
Cash to the OPA	233,544	-	-	4,500	20,000
Total cash used	2,349,435	2,293,583	2,311,609	2,309,418	2,343,125
Net cash from/(used by) operating activities	(62,817)	127,416	120,116	137,358	133,597
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	81	-	-	-	-
Total cash received	81	-	-	-	-
Cash used					
Purchase of property, plant and equipment	76,144	127,227	119,041	137,000	136,060
Total cash used	76,144	127,227	119,041	137,000	136,060
Net cash from/(used by) investing activities	(76,063)	(127,227)	(119,041)	(137,000)	(136,060)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injections	28,863	-	-	-	-
Total cash received	28,863	-	-	-	-
Cash used					
Return of capital	63,091	-	-	-	-
Dividends paid	2,179	116	284	294	304
Total cash used	65,270	116	284	294	304
Net cash from/(used by) financing activities	(36,407)	(116)	(284)	(294)	(304)
Net increase/(decrease) in cash held	(175,287)	73	791	64	(2,767)
Cash at the beginning of the reporting period	207,409	32,122	32,194	32,985	33,049
Cash at the end of the reporting period	32,122	32,194	32,985	33,049	30,282

Part C: Agency Additional Estimates Statements – ATO

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	28,863	-	-	-	-
Total	28,863	-	-	-	-
Represented by					
Purchase of non-financial assets	28,863	-	-	-	-
Total	28,863	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	28,863	-	-	-	-
Funded internally by agency resources	75,158	127,227	119,041	137,000	136,060
Total	104,021	127,227	119,041	137,000	136,060

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	70,503	-	79,727	-	159,098	-	309,328
Additions	-	20,040	-	10,110	-	98,306	-	128,456
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(16,137)	-	(4,771)	-	(69,410)	-	(90,318)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	74,406	-	85,066	-	187,994	-	347,466
Total additions								
Self funded	-	20,040	-	10,110	-	98,306	-	128,456
Appropriations	-	-	-	-	-	-	-	-
Total	-	20,040	-	10,110	-	98,306	-	128,456

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Taxation					
Income tax	131,278,000	138,360,000	146,060,000	155,680,000	165,310,000
Indirect tax	52,939,480	54,720,000	56,450,000	58,730,000	61,310,000
Other taxes, fees and fines	3,420,553	3,816,700	3,767,800	3,869,000	3,980,100
Total taxation	187,638,033	196,896,700	206,277,800	218,279,000	230,600,100
Non-taxation					
Other sources of non-taxation revenues	12,845	12,000	12,000	12,000	12,000
Total non-taxation	12,845	12,000	12,000	12,000	12,000
Total revenues administered on behalf of the Government	187,650,878	196,908,700	206,289,800	218,291,000	230,612,100
EXPENSES					
Subsidies	3,471,337	3,745,000	3,879,000	3,986,000	4,165,000
Personal benefits	618,900	782,000	1,141,712	1,225,791	1,281,870
Write-down and impairment of assets	1,686,508	1,730,000	1,310,000	1,370,000	1,375,000
Interest	188,361	180,000	180,000	180,000	180,000
Other	142,707	170,015	170,020	170,030	170,035
Total expenses administered on behalf of the Government	6,107,813	6,607,015	6,680,732	6,931,821	7,171,905

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	83,598	83,598	83,598	83,598	83,598
Receivables	13,674,512	14,384,512	15,124,512	15,954,512	17,309,512
Total financial assets	13,758,110	14,468,110	15,208,110	16,038,110	17,393,110
Non-financial assets					
Other	4,440	4,440	4,440	4,440	4,440
Total non-financial assets	4,440	4,440	4,440	4,440	4,440
Total assets administered on behalf of the Government	13,762,550	14,472,550	15,212,550	16,042,550	17,397,550
LIABILITIES					
Provisions					
Taxation refunds provided	1,183,236	1,122,370	1,122,370	1,122,370	1,122,370
Other	574,605	545,471	545,471	545,471	545,471
Total provisions	1,757,841	1,667,841	1,667,841	1,667,841	1,667,841
Payables					
Grants and subsidies	64,730	64,730	64,730	64,730	64,730
Other	1,663	1,663	1,663	1,663	1,663
Total payables	66,393	66,393	66,393	66,393	66,393
Total liabilities administered on behalf of the Government	1,824,234	1,734,234	1,734,234	1,734,234	1,734,234
Current liabilities	1,824,234	1,734,234	1,734,234	1,734,234	1,734,234
Non-current liabilities	-	-	-	-	-
Current assets	13,762,550	14,472,550	15,212,550	16,042,550	17,397,550
Non-current assets	-	-	-	-	-

Part C: Agency Additional Estimates Statements – ATO

**Table 3.8: Note of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	130,035,240	136,570,000	144,420,000	153,950,000	163,090,000
Indirect tax	52,290,065	54,010,000	55,980,000	58,200,000	60,750,000
Other taxes, fees and fines	3,724,859	3,786,700	3,827,800	3,929,000	4,030,100
Cash from Official Public Account	3,678,058	4,877,015	5,370,732	5,561,821	5,796,905
Other	12,845	12,000	12,000	12,000	12,000
Total cash received	189,741,067	199,255,715	209,610,532	221,652,821	233,679,005
Cash used					
Interest paid	188,361	180,000	180,000	180,000	180,000
Subsidies paid	3,471,337	3,745,000	3,879,000	3,986,000	4,165,000
Personal benefits	618,900	782,000	1,141,712	1,225,791	1,281,870
Cash to Official Public Account	185,412,545	194,378,700	204,239,800	216,091,000	227,882,100
Other	142,707	170,015	170,020	170,030	170,035
Total cash used	189,833,850	199,255,715	209,610,532	221,652,821	233,679,005
Net cash from operating activities	(92,783)	-	-	-	-
Net increase/(decrease) in cash held	(92,783)	-	-	-	-
Cash at beginning of reporting period	176,381	83,598	83,598	83,598	83,598
Cash at end of reporting period	83,598	83,598	83,598	83,598	83,598

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Notes to the agency statements

Details of agency items in the financial statements included in Table 3.1 to 3.5 have been prepared in accordance with the requirements and 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 Australian Taxation Office's agency budget statements are aggregated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Agency statements include the estimated costs of administering the goods and services tax 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 Commonwealth for the agreed GST administration costs.

The recovery of GST administration costs are reported under the Department of the Treasury.

Notes to the administered statements

Details of administered items in the financial statements included in Tables 3.6 to 3.8 have been prepared under the Tax Liability Method (TLM) of revenue recognition, consistent with the Commonwealth's recognition of taxation revenue. Under TLM, taxation revenue is recognised at the time a taxpayer makes a self-assessment or when an assessment of a tax liability is raised by the Australian Tax Office or the Australian Customs Service. This method retains some elements of cash revenue recognition, for example, when a cash payment occurs prior to an assessment being raised.

The budget statements and forward years have been prepared on the basis noted below and to reflect the following matters.

Recognition of taxation revenue

Since 1999-2000 administered taxation revenue has been brought to account on a year by year basis where:

- the client or the client group can be identified in a reliable manner;
- an amount of tax or other statutory charge is payable by the client or client group under legislative provisions; and
- the amount of the tax or statutory charge payable by the client or client group can be reliably measured, and it is probable that the amount will be collected.

This recognition policy does not include the following items as revenue of the period:

- estimates of future collections or refunds from individuals in respect of income tax returns to be lodged for the current financial year ended at 30 June;
- estimates of instalments of tax and final payments for companies due after 30 June;
- estimates of final amounts for petroleum resource rent tax due after 30 June; and
- actual payments for Pay As You Go, GST, excise and withholding taxes for amounts collected or withheld in June but not remitted to the Commissioner until July.

Items recognised as reductions to taxation revenue

The following items are recognised as reductions (increases) to taxation revenue and not as expense:

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.

Discontinuation of the Agency Banking Incentive Scheme

Previously, under the Agency Banking Incentive Scheme (ABIS), the ATO could invest surplus cash balances in term deposits with the Reserve Bank of Australia to earn interest. As a result of the discontinuation of ABIS from 1 July 2003, the ATO ceased to earn interest on cash holdings from 2003-04 onwards.

'As needs' cash drawdown arrangements

As part of the Budget Estimates and Framework Review (BEFR) recommendations, the ATO moved to an 'As needs' drawdown arrangement from 1 July 2003. The ATO now operates within an agreed working cash balance of \$33 million. Cash in excess of that balance is returned to the Official Public Account and recognised as a receivable.

NATIONAL COMPETITION COUNCIL

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 213).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

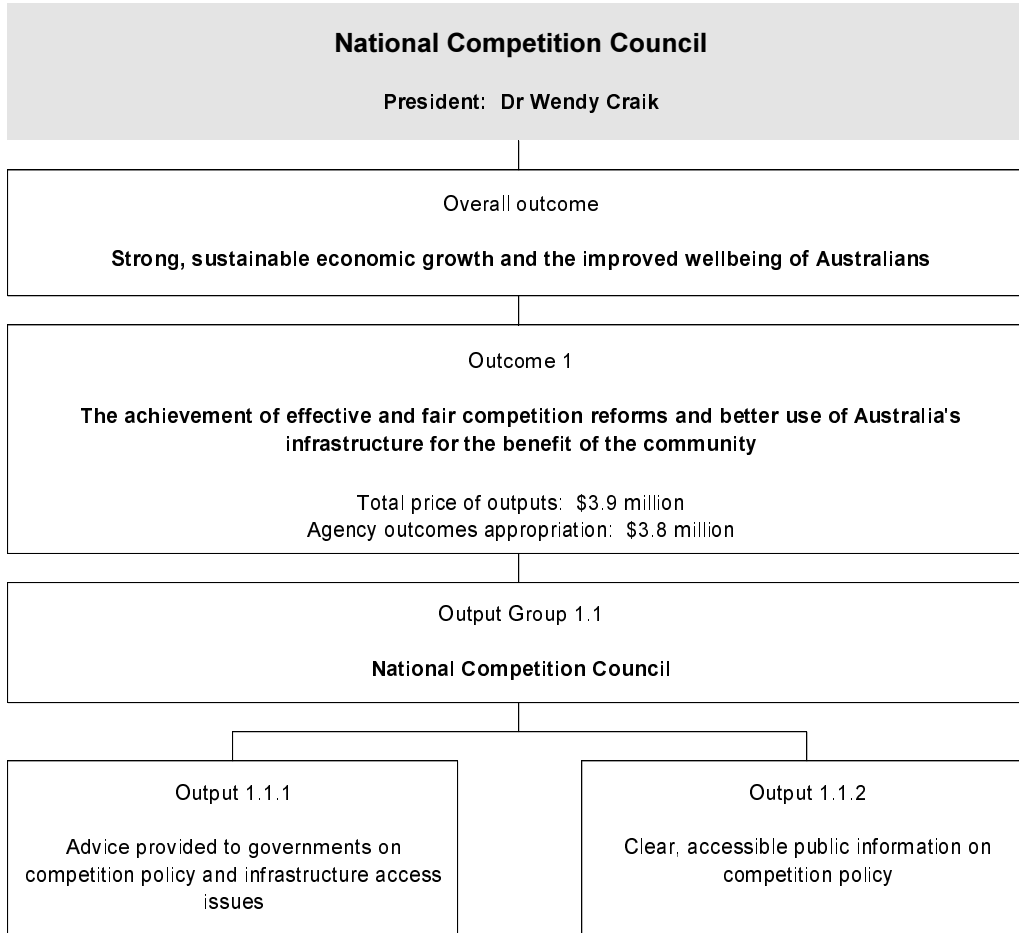
Measures

The National Competition Council (NCC) has no measures since the 2003-04 Budget.

Other variations to appropriations

The NCC is seeking additional price of outputs funding of \$0.029 million for Comcover supplementation.

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community					
	3,604	3,818	3,847	29	-
Total	3,604	3,818	3,847	29	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community			
	20	20	-
Total	20	20	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget \$'000	2003-04 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community	3,818	3,847	32	32	-
Total	3,818	3,847	32	32	-

AGENCY REVENUES

Table 1.6: Agency revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	32	32
Total non-appropriation agency revenues	32	32
Appropriation revenue	3,818	3,847
Total estimated agency revenues	3,850	3,879

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The National Competition Council (NCC) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

The \$0.2 million attributed to the output – clear, accessible public information on competition policy – primarily covers direct costs of these activities. Expenditure on this output is small in total and as a proportion of the Council’s total budget. The formal allocation of overheads would not make a material difference to the Council’s budget. The Council has concluded that it is not cost effective to allocate overheads to this output.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - National Competition Council		
Output 1.1.1 - Advice provided to governments on competition policy and infrastructure access issues	3,618	3,645
Output 1.1.2 - Clear, accessible public information on competition policy	200	202
Total revenues from government (appropriations) contributing to price of agency outputs	3,818	3,847
Revenue from other sources		
Other	32	32
Total revenue from other sources	32	32
Total price from agency outputs		
(Total revenues from government and from other sources)	3,850	3,879
Total estimated resourcing		
(Total price of outputs and administered appropriations)	3,850	3,879
	2003-04	2003-04
Average staffing level (number)	20	20

Revised performance information and level of achievement – 2003-04

The NCC has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the National Competition Council's (NCC) 2003-04 Annual Report and form the basis for the Council's input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements have been prepared in accordance with the goods and services tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the NCC by identifying full accrual expenses and revenues. It highlights whether the NCC is operating at a sustainable level.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in NCC's non-financial assets over the budget year 2003-04.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	3,604	3,847	3,867	3,953	4,035
Interest	8	-	-	-	-
Other	192	32	33	33	34
Total revenues from ordinary activities	3,804	3,879	3,900	3,986	4,069
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,849	2,187	2,205	2,256	2,289
Suppliers	1,542	1,633	1,637	1,673	1,724
Depreciation and amortisation	57	59	58	57	56
Total expenses from ordinary activities (excluding borrowing costs expense)	3,448	3,879	3,900	3,986	4,069
Operating surplus or deficit from ordinary activities	356	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	356	-	-	-	-

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	450	504	517	527	540
Receivables	80	80	80	80	80
Total financial assets	530	584	597	607	620
Non-financial assets					
Land and buildings	129	129	129	129	129
Infrastructure, plant and equipment	88	34	20	10	-
Other	6	5	6	6	3
Total non-financial assets	223	168	155	145	132
Total assets	753	752	752	752	752
LIABILITIES					
Provisions					
Employees	416	416	416	416	416
Total provisions	416	416	416	416	416
Payables					
Suppliers	192	192	192	192	192
Total payables	192	192	192	192	192
Total liabilities	608	608	608	608	608
EQUITY					
Parent equity interest					
Retained surpluses or accumulated deficits	144	144	144	144	144
Total parent equity interest	144	144	144	144	144
Total equity	144	144	144	144	144
Current liabilities	234	234	234	234	234
Non-current liabilities	374	374	374	374	374
Current assets	530	589	603	613	623
Non-current assets	223	163	149	139	129

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,604	3,847	3,867	3,953	4,035
Interest	8	-	-	-	-
Other	154	32	33	33	34
Total cash received	3,766	3,879	3,900	3,986	4,069
Cash used					
Employees	2,077	2,190	2,199	2,253	2,282
Suppliers	1,505	1,630	1,643	1,678	1,729
Total cash used	3,582	3,820	3,842	3,931	4,011
Net cash from/(used by) operating activities	184	59	58	55	58
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	129	5	45	45	45
Total cash used	129	5	45	45	45
Net cash from/(used by) investing activities	(129)	(5)	(45)	(45)	(45)
FINANCING ACTIVITIES					
Cash used					
Capital use charge paid	16	-	-	-	-
Total cash used	16	-	-	-	-
Net cash from/(used by) financing activities	(16)	-	-	-	-
Net increase/(decrease) in cash held	39	54	13	10	13
Cash at the beginning of the reporting period	411	450	504	517	527
Cash at the end of the reporting period	450	504	517	527	540

Part C: Agency Additional Estimates Statements – NCC

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	129	5	45	45	45
Total	129	5	45	45	45

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	129	-	-	88	-	-	-	217
Additions	-	-	-	5	-	-	-	5
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(59)	-	-	-	(59)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	129	-	-	34	-	-	-	163
Total additions								
Self funded	-	-	-	5	-	-	-	5
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	5	-	-	-	5

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

PRODUCTIVITY COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 229).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.143 million for the Productivity Commission (the Commission).

Measures

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

	2003-04 \$'000	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	120	76	79	81
Budget estimates - enhanced quality and timeliness (<i>Related capital</i>)	25	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

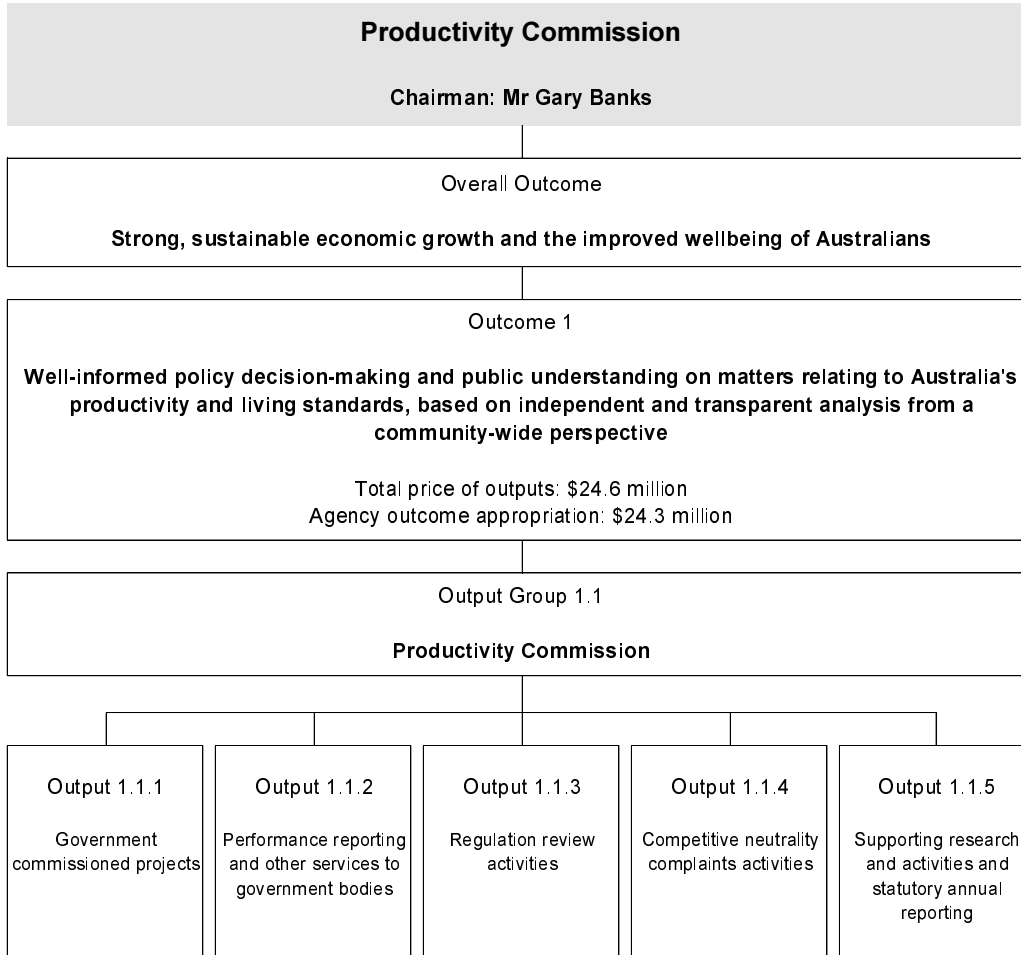
The Commission is seeking additional price of outputs funding of \$0.023 million for supplementation funding to cover increased insurance premiums levied by Comcover.

MEASURES — PRODUCTIVITY COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget \$'000		2004-05 appropriations forward estimate \$'000		2005-06 appropriations forward estimate \$'000		2006-07 appropriations forward estimate \$'000	
			Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs	Admin items	Agency outputs
Budget estimates - enhanced quality and timeliness	1	1.1	-	120	-	76	-	79	-	81
Budget estimates - enhanced quality and timeliness <i>(Related capital)</i>	1	1.1	-	25	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
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	23,014	24,203	24,346	143	-
Total	23,014	24,203	24,346	143	-

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-Operating					
Equity injection	-	-	25	25	-
Total capital	-	-	25	25	-
Total	-	-	25	25	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	195	195	-
Total	195	195	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget \$'000	2003-04 total approp revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
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	24,203	24,346	280	262	(18)
Total	24,203	24,346	280	262	(18)

AGENCY REVENUES

Table 1.6: Agency revenues

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	280	262
Other	35	35
Total non-appropriation agency revenues	315	297
Appropriation revenue	24,203	24,346
Total estimated agency revenues	24,518	24,643

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Productivity Commission (the Commission) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

Overheads and other indirect expenses that cannot be attributed directly to outputs are allocated to outputs in proportion to the direct costs (principally salaries) of the activities undertaken within each output.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate \$'000	2003-04 revised estimate \$'000
Agency appropriations		
Output Group 1.1 - Productivity Commission		
Output 1.1.1 - Government commissioned projects	9,600	9,700
Output 1.1.2 - Performance reporting and other services to government bodies	3,900	3,900
Output 1.1.3 - Regulation review activities	2,300	2,300
Output 1.1.4 - Competitive neutrality complaints activities	400	400
Output 1.1.5 - Supporting research and activities and statutory annual reporting	8,003	8,046
Total revenues from government (appropriations) contributing to price of agency outputs	24,203	24,346
Revenue from other sources		
Goods and services	280	262
Interest	-	-
Other	35	35
Total revenue from other sources	315	297
Total price from agency outputs		
(Total revenues from government and from other sources)	24,518	24,643
Total estimated resourcing		
(Total price of outputs and administered appropriations)	24,518	24,643
	2003-04	2003-04
Average staffing level (number)	195	195

Revised performance information and level of achievement – 2003-04

The Commission has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Productivity Commission's (the Commission) 2003-04 Annual Report and form the basis for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The financial statements are prepared consistent with goods and services tax (GST) accounting requirements, as outlined by the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable are reported gross. Appropriations are thus net of recoverable GST amounts.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the Commission by identifying full accrual expenses and revenues, which highlights whether the Commission is operating at a sustainable level.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriations or from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in the Commission's non-financial assets over the budget year 2003-04.

**Table 3.1: Budgeted Agency Statement of Financial Performance
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	23,014	24,346	24,441	24,569	24,841
Goods and services	199	262	262	273	284
Interest	131	-	-	-	-
Revenue from sales of assets	9	-	-	-	-
Other	34	35	35	35	35
Total revenues from ordinary activities	23,387	24,643	24,738	24,877	25,160
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	18,200	19,227	17,516	17,741	17,957
Suppliers	5,203	6,532	6,388	6,457	6,524
Depreciation and amortisation	965	850	834	679	679
Value of assets sold	28	-	-	-	-
Other	-	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	24,396	26,609	24,738	24,877	25,160
Borrowing costs expense	-	-	-	-	-
Operating surplus or deficit from ordinary activities	(1,009)	(1,966)	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	(1,009)	(1,966)	-	-	-

**Table 3.2: Budgeted Agency Statement of Financial Position
(as at 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
ASSETS					
Financial assets					
Cash	534	249	133	127	197
Receivables	3,476	2,700	2,400	3,200	4,000
Other	-	-	-	-	-
Total financial assets	4,010	2,949	2,533	3,327	4,197
Non-financial assets					
Infrastructure, plant and equipment	1,339	897	3,342	2,947	2,552
Intangibles	36	26	42	68	94
Other	278	300	300	300	300
Total non-financial assets	1,653	1,223	3,684	3,315	2,946
Total assets	5,663	4,172	6,217	6,642	7,143
LIABILITIES					
Provisions					
Employees	6,574	7,086	6,131	6,556	7,057
Total provisions	6,574	7,086	6,131	6,556	7,057
Payables					
Suppliers	302	240	240	240	240
Other	10	10	10	10	10
Total payables	312	250	250	250	250
Total liabilities	6,886	7,336	6,381	6,806	7,307
EQUITY					
Parent equity interest					
Contributed equity	1,686	1,711	1,711	1,711	1,711
Reserves	96	96	3,096	3,096	3,096
Retained surpluses or accumulated deficits	(3,005)	(4,971)	(4,971)	(4,971)	(4,971)
Total parent equity interest	(1,223)	(3,164)	(164)	(164)	(164)
Total equity	(1,223)	(3,164)	(164)	(164)	(164)
Current liabilities	3,747	3,820	3,024	3,188	3,379
Non-current liabilities	3,139	3,516	3,357	3,618	3,928
Current assets	4,287	3,249	2,833	3,627	4,497
Non-current assets	1,376	923	3,384	3,015	2,646

**Table 3.3: Budgeted Agency Statement of Cash Flows
(for the period ended 30 June)**

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	23,014	24,346	24,441	24,569	24,841
Goods and services	199	262	262	273	284
Interest	135	-	-	-	-
Total cash received	23,348	24,608	24,703	24,842	25,125
Cash used					
Employees	18,093	18,806	18,400	17,261	17,401
Suppliers	5,172	6,470	6,404	6,457	6,524
Cash transferred to the Official Public Account	3,400	(776)	(300)	800	800
Other	27	30	30	30	30
Total cash used	26,692	24,530	24,534	24,548	24,755
Net cash from/(used by) operating activities	(3,344)	78	169	294	370
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	9	10	10	10	10
Proceeds from sales of financial instruments	4,100	-	-	-	-
Total cash received	4,109	10	10	10	10
Cash used					
Purchase of property, plant and equipment	271	398	295	310	310
Total cash used	271	398	295	310	310
Net cash from/(used by) investing activities	3,838	(388)	(285)	(300)	(300)
FINANCING ACTIVITIES					
Cash received					
Equity injection	-	25	-	-	-
Total cash received	-	25	-	-	-
Cash used					
Other	24	-	-	-	-
Total cash used	24	-	-	-	-
Net cash from/(used by) financing activities	(24)	25	-	-	-
Net increase/(decrease) in cash held					
Cash at the beginning of the reporting period	64	534	249	133	127
Cash at the end of the reporting period	534	249	133	127	197

Part C: Agency Additional Estimates Statements – PC

Table 3.4: Agency Capital Budget Statement

	2002-03 actual \$'000	2003-04 revised budget \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000	2006-07 forward estimate \$'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	25	-	-	-
Funded internally by agency resources	271	373	295	310	310
Total	271	398	295	310	310

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	1,339	-	36	-	1,375
Additions	-	-	-	383	-	15	-	398
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(825)	-	(25)	-	(850)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	897	-	26	-	923
Total additions	-	-	-	358	-	15	-	373
Self funded	-	-	-	25	-	-	-	25
Appropriations	-	-	-	383	-	15	-	398
Total	-	-	-	383	-	15	-	398

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Glossary

Accrual Accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered Items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.

Glossary

Departmental items	Assets, liabilities, revenues and expenses which are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes Price, Quality and Quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or Net Assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Intermediate outcomes	More specific medium-term impacts (trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. Combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes.

Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Commonwealth. Actual outcomes are assessments of the results or impacts actually achieved.
Output Groups	A logical aggregation of agency outputs, where useful, based either on homogeneity, type of product or beneficiary target group. Aggregation may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Size of an output. Count or volume measures. How many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.

Glossary

Special Account

Balances existing within the Consolidated Revenue Fund (CRF), that are supported by standing appropriations (section 20 and section 21 of the *Financial Management and Accountability Act 1997* (FMA)). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 of the FMA) or through an Act of Parliament (referred to in section 21 of the FMA).

Special Appropriations
(including Standing
Appropriations)

An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.

Standing appropriations are a sub-category consisting of ongoing special appropriations - the amount appropriated will depend on circumstances specified in the legislation.

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