

**PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS
2006-07**

TREASURY PORTFOLIO

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TREASURER

**PARLIAMENT HOUSE
CANBERRA ACT 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 2006-07 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 black ink that reads 'P Costello'.

Peter Costello

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**USER GUIDE
TO THE
PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS**

USER GUIDE

INTRODUCTION

The purpose of the 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. However, unlike the Portfolio Budget Statements, the PAES summarise only the *changes* in resourcing by outcome since the Budget, that is, they do not include a complete resourcing table for the agency. The PAES include new measures, summarise the changes by Appropriation Bill and, where relevant, by Special Appropriation and Special Account.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2006-07. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid-Year Economic and Fiscal Outlook 2006-07* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

User guide

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

Portfolio overview

Provides an overview of the portfolio, including a chart that outlines the outcomes for agencies in the portfolio.

Agency additional estimates statements

A statement (under the name of the agency) for each agency affected by Additional Estimates.

Section 1: Agency overview and resources, variations and measures

This section details the link between the resources appropriated, savings, the impact of any post-Budget measures, and their application to the outputs and administered items (usually programmes) that contribute to the achievement of outcomes. This section also reports changes to resources from other sources; changes to estimates of expenses from Special Appropriations; and changes to estimated Special Account flows.

Section 2: Revisions to agency outcomes

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

Section 3: Budgeted financial statements

This section contains revisions to the budgeted financial statements in accrual format covering the Budget year, the previous year and the three forward years for each agency.

Glossary

Explains key terms.

STYLES AND CONVENTIONS USED

(a) The following notations may be used:

- nil
- .. not zero, but rounded to zero
- \$m \$ million

(b) Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding.

ENQUIRIES

Should you have any enquiries regarding this publication please contact Sallyann Mugford in the Treasury on (02) 6263 2111.

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

PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW

There has been no change to the portfolio overview since the *Portfolio Budget Statements 2006-07*.

ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL

Additional estimates for new measures are being sought for the Treasury, the Australian Competition and Consumer Commission, the Australian Taxation Office and the Productivity Commission. Explanations of additional estimates for these agencies are detailed in their respective section in the Portfolio Additional Estimates Statements.

Other variations to estimates have occurred for the Treasury, the Australian Office of Financial Management, the Australian Taxation Office and the Productivity Commission.

There are no additional estimates variations for the Australian Bureau of Statistics, the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, the Corporations and Markets Advisory Committee, the Inspector-General of Taxation, the National Competition Council and the Royal Australian Mint.

Figure 1: Portfolio structure and outcomes

<p style="text-align: center;">Portfolio Minister - Treasurer The Hon Peter Costello MP</p> <p style="text-align: center;">Minister for Revenue and Assistant Treasurer The Hon Peter Dutton MP</p> <p style="text-align: center;">Parliamentary Secretary to the Treasurer The Hon Chris Pearce MP</p>
<p style="text-align: center;">Department of the Treasury Secretary: Dr Ken Henry</p> <p style="text-align: center;">Outcome 1: Sound macroeconomic environment Outcome 2: Effective government spending arrangements Outcome 3: Effective taxation and retirement income arrangements Outcome 4: Well functioning markets</p>
<p style="text-align: center;">Australian Bureau of Statistics Acting Statistician: Ms Susan Linacre</p> <p style="text-align: center;">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 style="text-align: center;">Australian Competition and Consumer Commission Chairperson: Mr Graeme Samuel</p> <p style="text-align: center;">To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets</p>
<p style="text-align: center;">Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden</p> <p style="text-align: center;">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 style="text-align: center;">Australian Prudential Regulation Authority Chairman: Dr John Laker</p> <p style="text-align: center;">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 style="text-align: center;">Australian Securities and Investments Commission Chairman: Mr Jeffrey Lucy AM</p> <p style="text-align: center;">A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p style="text-align: center;">Australian Taxation Office Commissioner: Mr Michael D'Ascenzo</p> <p style="text-align: center;">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 style="text-align: center;">Corporations and Markets Advisory Committee Convenor: Mr Richard St John</p> <p style="text-align: center;">Fair and efficient financial markets characterised by integrity and transparency and supporting confident and informed participation of investors and consumers</p>
<p style="text-align: center;">Inspector-General of Taxation Inspector-General: Mr David Vos AM</p> <p style="text-align: center;">Improved administration of the tax laws for the benefit of all taxpayers</p>
<p style="text-align: center;">National Competition Council Acting President: Mr David Crawford</p> <p style="text-align: center;">The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community</p>
<p style="text-align: center;">Productivity Commission Chairman: Mr Gary Banks</p> <p style="text-align: center;">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>
<p style="text-align: center;">Royal Australian Mint Chief Executive Officer: Ms Janine Murphy</p> <p style="text-align: center;">Satisfy the Reserve Bank of Australia's forecast for circulated coin</p>

AGENCY ADDITIONAL ESTIMATES STATEMENTS

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TREASURY

Section 1: Department overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 13).

Table 1.1: Department outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
Sound macroeconomic environment	A sound macroeconomic environment is an essential foundation for strong sustainable economic growth and the improved wellbeing of Australians. It is characterised by stable prices, low interest rates, healthy employment growth, and a sustainable external position.	Output Group 1.1 Macroeconomic Group
Outcome 2		
Effective government spending arrangements	Government spending arrangements contribute to the overall fiscal outcome but also influence strong sustainable economic growth and the improved wellbeing of Australians.	Output Group 2.1 Fiscal Group
Outcome 3		
Effective taxation and retirement income arrangements	Taxation and retirement income arrangements contribute to the overall fiscal outcome and influence strong sustainable economic growth and the improved wellbeing of Australians.	Output Group 3.1 Revenue Group
Outcome 4		
Well functioning markets	Well functioning markets contribute to high sustainable economic and employment growth and the improved wellbeing of Australians, by enabling resources to flow to those parts of the economy where they can be used most productively. Well functioning markets operate when investors and consumers have confidence and certainty about the regulatory framework, and are able to make decisions that are informed and free of market distortions and impediments.	Output Group 4.1 Markets Group

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Treasury is seeking an additional \$0.5 million in departmental outputs through Appropriation Bill (No. 3) 2006-07 for measures relating to Tax Information Exchange Agreements – technical assistance (\$0.1 million) and Regulation Reform Agenda – coordination of implementation (\$0.4 million).

The Treasury is seeking an additional \$1.8 million in administered outputs through Appropriation Bill (No. 4) 2006-07 for compensation – companies regulation.

In addition, the Treasury is also seeking an additional \$14.1 million for administered assets and liabilities through Appropriation Bill (No. 4) 2006-07 for commitments for payments relating to the collapse of HHH (\$14.0 million) and commitments to the European Bank for Reconstruction and Development (\$0.1 million).

Table 1.2: Additional estimates and variations to outcomes — measures

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Outcome 3				
Increase in estimates (departmental)				
Tax Information Exchange Agreements				
- technical assistance	125	125	125	125
Outcome 4				
Increase in estimates (departmental)				
Regulation Reform Agenda - coordination of implementation ¹				
	418	278	284	290

¹ Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

Table 1.3: Additional estimates and variations to outcomes — other variations

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Variations (departmental)				
Adjustment to reflect movement in indices relating to prices and wages ¹				
	-	587	681	803
Outcome 4				
Variations (administered)				
Adjustment to reflect movement in indices relating to Compensation - companies regulation				
	1,800	2,700	3,114	3,193

¹ This variation applies to the Treasury's four outcomes.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2006-07 Budget

Measure	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measures													
Tax Information Exchange Agreements - technical assistance	3.1	-	125	125	-	125	125	-	125	125	-	125	125
Regulation Reform Agenda - coordination of implementation ¹	4.1	-	418	418	-	278	278	-	284	284	-	290	290
Total Expense Measures		-	543	543	-	403	403	-	409	409	-	415	415

¹ Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2006-07

	2005-06 available ¹ \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 3					
Effective taxation and retirement income arrangements	6,000	-	-	-	-
Outcome 4					
Well functioning markets	-	5,000	5,000	-	-
Total	6,000	5,000	5,000	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Sound macroeconomic environment	31,199	36,092	36,142	50	-
Outcome 2					
Effective government spending arrangements	57,149	15,775	15,783	8	-
Outcome 3					
Effective taxation and retirement income arrangements	45,692	42,326	42,141	(185)	-
Outcome 4					
Well functioning markets	-	38,800	39,470	670	-
Total	134,040	132,993	133,536	543	-
Total administered and departmental	140,040	137,993	138,536	543	-

1 2005-06 is shown in the Treasury's previous outcome structure prior to the change in outcome structure in 2006-07.

Table 1.6: Appropriation Bill (No. 4) 2006-07

	2005-06 available ¹ \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
PAYMENTS TO STATES, ACT, NT AND LOCAL GOVERNMENT					
Outcome 2					
Effective government spending arrangements	350,459	19,504	19,504	-	-
Outcome 3					
Effective taxation and retirement income arrangements	164,701	-	-	-	-
Outcome 4					
Well functioning markets	-	168,492	170,292	1,800	-
Total	515,160	187,996	189,796	1,800	-
Non-operating					
Equity injections	33	276	276	-	-
Administered assets and liabilities	4,737	4,165	18,233	14,068	-
Total non-operating	4,770	4,441	18,509	14,068	-
Total	519,930	192,437	208,305	15,868	-

1 2005-06 is shown in the Treasury's previous outcome structure prior to the change in outcome structure in 2006-07.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2006-07 budget	2006-07 revised	variation
Outcome 1			
Sound macroeconomic environment	213	218	5
Outcome 2			
Effective government spending arrangements	121	122	1
Outcome 3			
Effective taxation and retirement income arrangements	302	300	-2
Outcome 4			
Well functioning markets	231	247	16
Total	867	887	20

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

The Treasury does not have any agency savings.

OTHER RESOURCES AVAILABLE TO BE USED

Table 1.9 provides details of other resources available to be used under section 31 of the *Financial Management and Accountability Act 1997* as well as resources received free of charge by the Treasury.

Table 1.9: Other resources available to be used

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Departmental resources		
Goods and services	6,884	8,467
Other	800	648
Total departmental resources available to be used	7,684	9,115

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

	Outcome	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Estimated expenses			
<i>International Monetary Agreements Act 1947</i>	1	31,647	31,764
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	2	-	-
<i>Superannuation Industry (Supervision) Act 1993</i>	4	-	1,477
Total estimated expenses		31,647	33,241

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance 2006-07 2005-06 \$'000	Credits 2006-07 2005-06 \$'000	Debits 2006-07 2005-06 \$'000	Adjustments 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
Australian Government Actuary Account	1,557	1,533	1,510	-	1,580
	1,369	1,668	1,488	8	1,557
Lloyd's Deposit Trust Account	2,000	180	180	-	2,000
	2,000	150	150	-	2,000
Trustee Companies (ACT) Deposits Trust Account	-	-	-	-	-
	120	8	128	-	-
Other Trust Moneys Account	-	-	-	-	-
	-	-	-	-	-
Services for other Governments and Non-Agency Bodies Account	-	-	-	-	-
	-	-	-	-	-
Total special accounts					
2006-07 Budget estimate	3,557	1,713	1,690	-	3,580
<i>Total special accounts</i>					
<i>2005-06 actual</i>	3,489	1,826	1,766	8	3,557

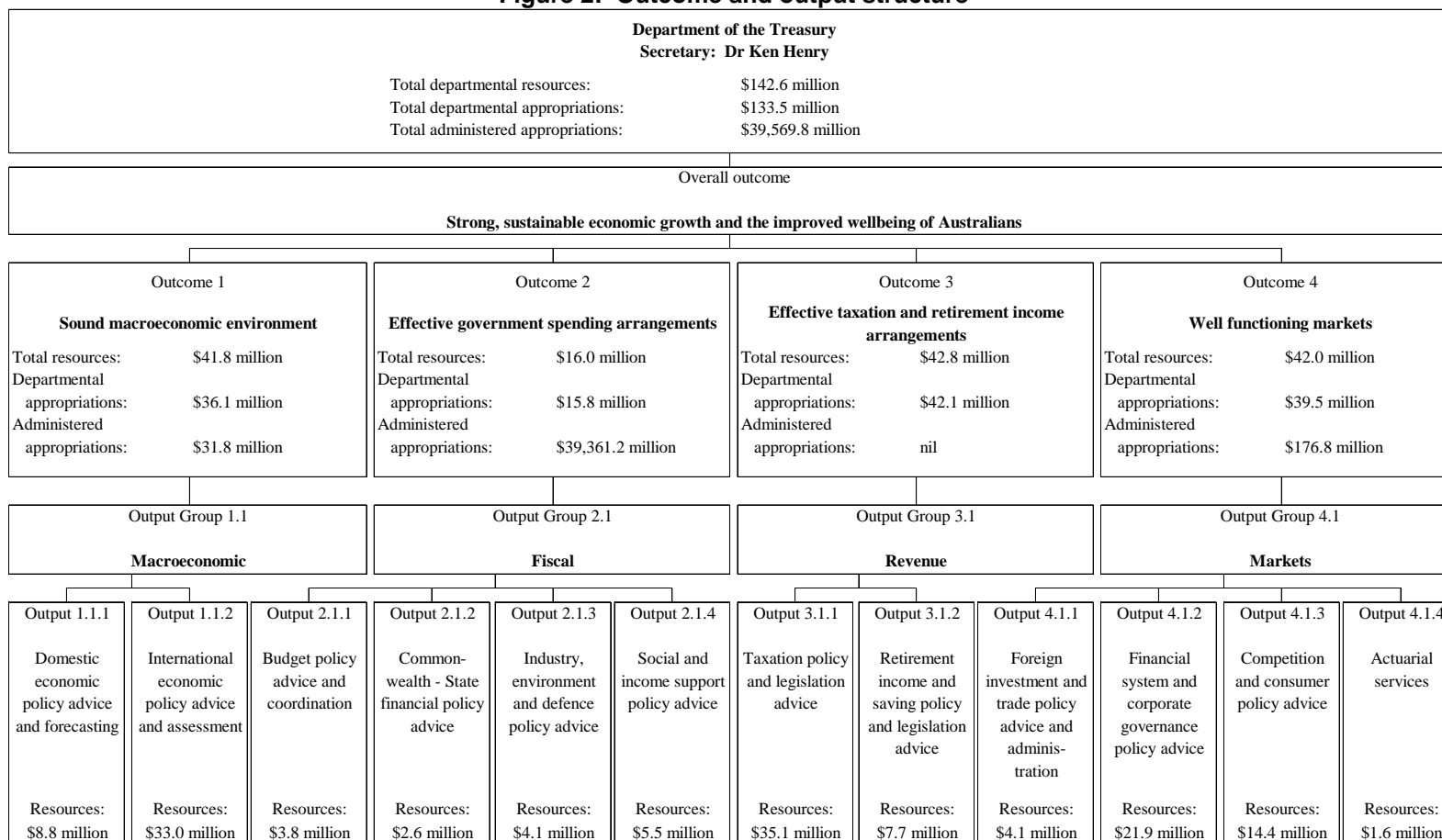
Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Department outcomes and output groups' lists the outcomes and output groups for the Treasury.

The Treasury has not made any changes to its outcomes or outputs since the *Portfolio Budget Statements 2006-07*.

Figure 2: Outcome and output structure



Revised performance information — 2006-07

The Treasury has not made any changes to its performance information since the *Portfolio Budget Statements 2006-07*.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

The Treasury is budgeting for an operating deficit in 2006-07. This operating deficit is due to timing differences between the recognition of revenues and expenses.

The increase in appropriation revenue (\$0.5 million) since the 2006-07 Budget relates to funding received for new measures. Refer to Table 1.4 for further details of these measures.

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

Administered

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

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

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

Budgeted departmental balance sheet

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

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

This statement provides information on changes in the amount and nature of equity for the 2006-07 Budget year.

Departmental capital budget statement

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

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the budgeted movement in the Treasury's non-financial assets during the 2006-07 Budget year.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the income and expenses administered by the Treasury on behalf of the Australian Government.

Schedule of budgeted assets and liabilities administered on behalf of government

This schedule shows the assets and liabilities administered by the Treasury on behalf of the Australian Government.

Schedule of budgeted administered cash flows

This schedule shows cash flows administered by the Treasury on behalf of the Australian Government, categorised into expected cash flows from operating activities, investing activities and financing activities.

Schedule of administered capital budget

This schedule shows proposed administered capital expenditure.

Schedule of administered property, plant, equipment and intangibles — summary of movement

The Treasury does not have any administered property, plant, equipment or intangible assets.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	134,040	133,536	124,044	120,052	121,273
Goods and services	6,258	8,467	8,660	8,857	9,063
Other	210	250	250	250	249
Total revenue	140,508	142,253	132,954	129,159	130,585
Gains					
Other	394	398	398	399	400
Total gains	394	398	398	399	400
Total income	140,902	142,651	133,352	129,558	130,985
EXPENSE					
Employees	84,847	92,059	85,672	82,931	86,120
Suppliers	35,144	58,546	43,897	42,844	41,082
Depreciation and amortisation	3,460	3,625	3,625	3,625	3,625
Finance costs	109	158	158	158	158
Write-down and impairment of assets	7	-	-	-	-
Net losses from sale of assets	43	-	-	-	-
Total expenses	123,610	154,388	133,352	129,558	130,985
Operating result	17,292	(11,737)	-	-	-
Net surplus or (deficit) attributable to the Australian Government	17,292	(11,737)	-	-	-

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,107	1,997	1,964	1,940	1,991
Receivables	58,869	48,482	50,544	52,544	54,520
Total financial assets	60,976	50,479	52,508	54,484	56,511
Non-financial assets					
Land and buildings	7,158	7,433	5,588	4,758	3,958
Infrastructure, plant and equipment	8,141	8,482	8,542	8,642	8,742
Intangibles	810	1,142	1,627	1,687	1,748
Other	1,809	1,163	1,901	1,948	1,997
Total non-financial assets	17,918	18,220	17,658	17,035	16,445
Total assets	78,894	68,699	70,166	71,519	72,956
LIABILITIES					
Payables					
Suppliers	1,634	1,675	1,717	1,760	1,804
Other payables	2,737	2,805	2,876	2,947	3,021
Total payables	4,371	4,480	4,593	4,707	4,825
Interest bearing liabilities					
Leases	1,192	1,192	1,192	1,192	1,192
Total interest bearing liabilities	1,192	1,192	1,192	1,192	1,192
Provisions					
Employees	29,291	30,448	31,692	32,941	34,240
Total provisions	29,291	30,448	31,692	32,941	34,240
Total liabilities	34,854	36,120	37,477	38,840	40,257
EQUITY					
Accumulated results	36,711	24,974	24,974	24,974	24,974
Reserves	3,644	3,644	3,644	3,644	3,644
Contributed equity	3,685	3,961	4,071	4,081	4,081
Total equity	44,040	32,579	32,689	32,699	32,699
Current assets	62,785	51,642	54,409	56,432	58,508
Non-current assets	16,109	17,057	15,757	15,087	14,448
Current liabilities	20,494	21,239	22,036	22,838	23,671
Non-current liabilities	14,360	14,881	15,441	16,002	16,586

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	6,442	8,707	8,865	9,062	9,266
Appropriations	110,779	143,938	122,065	118,107	119,317
Net GST received	503	-	-	-	-
Other cash received	1,697	-	-	-	-
Total cash received	119,421	152,645	130,930	127,169	128,583
Cash used					
Employees	83,891	90,902	84,428	81,682	84,821
Suppliers	34,549	57,393	42,421	41,297	41,048
Grants	1,317	-	-	-	-
Financing costs	110	158	158	158	158
Net GST paid	-	5	5	6	5
Other cash used	228	-	-	-	-
Total cash used	120,095	148,458	127,012	123,143	126,032
Net cash from or (used by) operating activities	(674)	4,187	3,918	4,026	2,551
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	10	-	-	-	-
Total cash received	10	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,437	4,573	4,061	4,060	2,500
Total cash used	1,437	4,573	4,061	4,060	2,500
Net cash from or (used by) investing activities	(1,427)	(4,573)	(4,061)	(4,060)	(2,500)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	33	276	110	10	-
Total cash received	33	276	110	10	-
Cash used					
Repayments of debt (including finance lease principal)	807	-	-	-	-
Other cash used	7,901	-	-	-	-
Total cash used	8,708	-	-	-	-
Net cash from or (used by) financing activities	(8,675)	276	110	10	-
Net increase or (decrease) in cash held	(10,776)	(110)	(33)	(24)	51
Cash at the beginning of the reporting period	12,883	2,107	1,997	1,964	1,940
Cash at the end of the reporting period	2,107	1,997	1,964	1,940	1,991

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	36,711	3,644	-	3,685	44,040
Opening balance	36,711	3,644	-	3,685	44,040
Income and expense					
Net operating result	(11,737)	-	-	-	(11,737)
Total income and expenses recognised directly in equity	(11,737)	-	-	-	(11,737)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	276	276
Sub-total transactions with owners	-	-	-	276	276
Estimated closing balance as at 30 June 2007	24,974	3,644	-	3,961	32,579

Table 3.5: Departmental capital budget statement

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	33	276	110	10	-
Total capital appropriations	33	276	110	10	-
Represented by:					
Purchase of non-financial assets	33	276	110	10	-
Total represented by	33	276	110	10	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	33	276	110	10	-
Funded internally by					
Departmental resources	1,404	4,297	3,951	4,050	2,500
Total	1,437	4,573	4,061	4,060	2,500

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	Buildings - 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	\$'000
As at 1 July 2006									
Gross book value	-	-	10,943	-	11,908	-	3,360	-	26,211
Accumulated depreciation	-	-	(3,785)	-	(3,767)	-	(2,550)	-	(10,102)
Opening net book value	-	-	7,158	-	8,141	-	810	-	16,109
Additions:									
by purchase	-	-	1,000	-	2,741	-	832	-	4,573
Depreciation/amortisation expense	-	-	(725)	-	(2,400)	-	(500)	-	(3,625)
As at 30 June 2007									
Gross book value	-	-	11,943	-	14,649	-	4,192	-	30,784
Accumulated depreciation	-	-	(4,510)	-	(6,167)	-	(3,050)	-	(13,727)
Estimated closing net book value	-	-	7,433	-	8,482	-	1,142	-	17,057

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Goods and services tax	(37,181,586)	(40,790,000)	(43,340,000)	(45,870,000)	(48,290,000)
Other taxes, fees and fines	-	160,000	210,000	240,000	290,000
Total taxation	(37,181,586)	(40,630,000)	(43,130,000)	(45,630,000)	(48,000,000)
Non-taxation					
Revenues from Government	38,629,422	39,569,739	42,090,367	44,616,000	46,856,498
Goods and services	605,888	619,400	632,900	639,200	627,900
Interest	690	-	-	-	-
Dividends	1,363,690	1,177,725	1,324,000	1,383,000	1,438,000
Other sources of non-taxation revenues	53,889	17,164	17,082	16,748	16,545
Total non-taxation	40,653,579	41,384,028	44,064,349	46,654,948	48,938,943
Total revenues administered on behalf of Government	3,471,993	754,028	934,349	1,024,948	938,943
Total income administered on behalf of Government	3,471,993	754,028	934,349	1,024,948	938,943
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	1,423,140	161,498	193,603	199,236	204,734
Write down and impairment of assets	-	(550,000)	(585,000)	(620,000)	(650,000)
Other	34,979	38,241	36,764	36,764	31,764
Losses					
Net foreign exchange losses	-	72,924	16	-	-
Total expenses administered on behalf of Government	1,458,119	(277,337)	(354,617)	(384,000)	(413,502)

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	7,736	7,736	7,736	7,736	7,736
Receivables	388,663	(3,730,949)	(4,416,371)	(5,047,198)	(5,777,198)
Investments	20,033,896	19,946,826	19,946,826	19,946,826	19,946,826
Total financial assets	20,430,295	16,223,613	15,538,191	14,907,364	14,177,364
Non-financial assets					
Other	2,347	2,322	2,316	2,316	2,316
Total non-financial assets	2,347	2,322	2,316	2,316	2,316
Total assets administered on behalf of Government	20,432,642	16,225,935	15,540,507	14,909,680	14,179,680
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	3,870,825	3,894,687	3,893,570	3,893,004	3,893,004
Other	928,829	916,170	916,170	916,170	916,170
Total interest bearing liabilities	4,799,654	4,810,857	4,809,740	4,809,174	4,809,174
Provisions					
Other provisions	1,405	(482,750)	(483,085)	(483,485)	(483,485)
Total provisions	1,405	(482,750)	(483,085)	(483,485)	(483,485)
Payables					
Suppliers	474	474	474	474	474
Grants and subsidies	290,663	180,406	127,787	88,496	61,510
Other payables	5,600	5,600	5,600	5,600	5,600
Total payables	296,737	186,480	133,861	94,570	67,584
Total liabilities administered on behalf of Government	5,097,796	4,514,587	4,460,516	4,420,259	4,393,273

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Rendering of services	595,902	629,386	632,900	639,200	627,900
Interest	690				
Dividends	1,383,000	1,477,259	1,324,000	1,383,000	1,438,000
Other	54,620	17,156	17,175	17,175	16,545
Total cash received	2,034,212	2,123,801	1,974,075	2,039,375	2,082,445
Cash used					
Grant payments	38,604,726	39,531,498	42,053,603	44,579,236	46,824,734
Other	105,079	118,916	86,883	73,555	58,750
Total cash used	38,709,805	39,650,414	42,140,486	44,652,791	46,883,484
Net cash from or (used by) operating activities	(36,675,593)	(37,526,613)	(40,166,411)	(42,613,416)	(44,801,039)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	219,400	74,600	-	-	-
Loans	14,804	-	-	-	-
Other	152,523	-	-	-	-
Total cash received	386,727	74,600	-	-	-
Cash used					
Advances and loans made	74,600	-	-	-	-
Transfers to other entities	4,799	4,233	3,633	3,066	-
Total cash used	79,399	4,233	3,633	3,066	-
Net cash from or (used by) investing activities	307,328	70,367	(3,633)	(3,066)	-
Net increase or (decrease) in cash held	(36,368,265)	(37,456,246)	(40,170,044)	(42,616,482)	(44,801,039)
Cash at beginning of reporting period	7,736	7,736	7,736	7,736	7,736
Cash from Official Public Account for: - appropriations	38,789,204	39,654,647	42,144,119	44,655,857	46,883,484
Cash to Official Public Account for: - appropriations	(2,420,939)	(2,198,401)	(1,974,075)	(2,039,375)	(2,082,445)
Cash at end of reporting period	7,736	7,736	7,736	7,736	7,736

Table 3.10: Schedule of administered capital budget

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	4,799	18,233	53,752	39,857	26,986
Special appropriations	156,852	66,675	-	-	-
Total capital appropriations	161,651	84,908	53,752	39,857	26,986
Represented by:					
Other	161,651	84,908	53,752	39,857	26,986
Total represented by	161,651	84,908	53,752	39,857	26,986

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

The Treasury does not have any administered property, plant, equipment or intangibles.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

- Australian Government's financial budgeting and reporting framework;
- Australian Accounting Standards (AAS), being the Australian Equivalent to International Reporting Standards (AEIFRS); and
- Consensus Views of the Urgent Issues Group.

The budgeted income statement and balance sheet have been prepared in accordance with the historical cost convention, except certain assets, which are at valuation.

Departmental and administered financial statements

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

Departmental assets, liabilities, revenues and expenses are 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 Australian Government according to set Government directions. Administered expenses include subsidies, grants, and personal benefit payments and administered revenues include taxes, fees, fines and excises.

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 83).

Table 1.1: Agency outcome and output group

Outcome	Description	Output group
Outcome 1		
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets	To bring about greater competitiveness in every sector of the economy.	Output Group 1.1 Australian Competition and Consumer Commission

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$2.5 million for the Australian Competition and Consumer Commission (ACCC) in 2006-07.

Table 1.2: Additional estimates and variations to outcomes — measures

	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Increase in estimates (departmental)				
Horticulture Mandatory Code of Conduct - enforcement ¹	2,534	2,200	2,185	2,233

¹ This is a cross portfolio measure with the Department of Agriculture, Fisheries and Forestry.

Table 1.3: Additional estimates and variations to outcomes — other variations

The ACCC does not have any other variations to Outcome 1.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2006-07 Budget

Measure	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measure													
Horticulture Mandatory Code of Conduct - enforcement ¹	1.1	-	2,534	2,534	-	2,200	2,200	-	2,185	2,185	-	2,233	2,233
Total of Measure		-	2,534	2,534	-	2,200	2,200	-	2,185	2,185	-	2,233	2,233

¹ This is a cross portfolio measure with the Department of Agriculture, Fisheries and Forestry.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2006-07

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed					
Australian markets	89,794	104,984	107,518	2,534	-
Total	89,794	104,984	107,518	2,534	-

Table 1.6: Appropriation Bill (No. 4) 2006-07

The ACCC does not have any appropriation from Appropriation Bill (No. 4) 2006-07.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2006-07 budget	2006-07 revised	variation
Outcome 1			
To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed			
Australian markets	578	588	10
Total	578	588	10

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

The ACCC does not have any agency savings.

OTHER RESOURCES AVAILABLE TO BE USED

Table 1.9: Other resources available to be used

The ACCC has not made any changes to estimated other resources available to be used since the *Portfolio Budget Statements 2006-07*.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

The ACCC does not have any special appropriations.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance 2006-07 <i>2005-06</i> \$'000	Credits 2006-07 <i>2005-06</i> \$'000	Debits 2006-07 <i>2005-06</i> \$'000	Adjustments 2006-07 <i>2005-06</i> \$'000	Closing Balance 2006-07 <i>2005-06</i> \$'000
Other Trust Moneys Account	56	200	200	-	56
	52	4	-	-	56
Services for Other Government and Non-Agency Bodies Account	-	-	-	-	-
	-	-	-	-	-
Total special accounts					
2006-07 Budget estimate	56	200	200	-	56
<i>Total special accounts</i>					
<i>2005-06 actual</i>	52	4	-	-	56

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcome and output group' lists the outcome and output group for the Australian Competition and Consumer Commission (ACCC).

The ACCC has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

Figure 2: Outcome and output structure for Outcome 1



Revised performance information — 2006-07

The ACCC has not made any changes to its performance information since the *Portfolio Budget Statements 2006-07*.

Section 3: Budgeted financial statements

The budgeted financial statements contain estimates prepared in accordance with the Australian Government's financial budgeting and reporting framework, including the Australian Equivalents to International Financial Reporting Standards (AEIFRS) as well as specific guidelines issued by the Department of Finance and Administration. The statements show the planned financial performance for the 2006-07 Budget year and each of the forward years from 2007-08 to 2009-10. The statements also show the actual for 2005-06 for comparative purposes.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Australian Competition and Consumer Commission's (ACCC) budgeted financial statements, as reflected in the budgeted departmental financial statements for 2006-07, is provided below.

Departmental

Income Statement

ACCC is budgeting for a break-even operating result for 2006-07.

Total revenues and expenses are estimated to be \$108.1 million, an increase of \$2.5 million from the 2006-07 Budget. The increase is a result of increased funding for the Horticulture Mandatory Code of Conduct – enforcement measure.

Balance Sheet

The ACCC's budgeted net asset position of \$39.0 million represents an increase of \$4.0 million from the 2005-06 actual. The increase is primarily attributable to an equity injection of \$4.0 million associated with 2006-07 Budget measures.

Total assets are expected to increase by \$4.7 million to \$55.8 million from the 2005-06 actual. The increase reflects the leasehold, infrastructure plant and equipment and information technology investment flowing from measures. The receivables will decrease due primarily to the ACCC funding part of its new accommodation fit out.

The ACCC's primary liability continues to be accrued employee leave entitlements of \$13.1 million.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

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

Budgeted departmental balance sheet

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 departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

This statement shows the movement in the residual interest in assets after the deduction of liabilities.

Departmental capital budget statement

This statement shows all proposed capital expenditure funded from capital appropriation or from internal resources.

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the movement in the ACCC's non-financial assets over the 2006-07 Budget year.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the revenue and expenses administered on behalf of the Government. It also discloses administered revenues transferred to the Official Public Account.

Schedule of budgeted assets and liabilities administered on behalf of government

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

Agency Additional Estimates Statements – ACCC

Schedule of budgeted administered cash flows

The schedule shows cash flows administered on behalf of the Government.

Schedule of administered capital budget

The ACCC does not have any administered capital.

**Schedule of administered property, plant, equipment and intangibles —
summary of movement**

The ACCC does not have any administered property, plant, equipment or intangible assets.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	89,794	107,518	113,697	120,455	121,622
Goods and services	1,396	575	575	575	575
Total revenue	91,190	108,093	114,272	121,030	122,197
Gains					
Net gains from sale of assets	22	-	-	-	-
Other	72	-	-	-	-
Total gains	94	-	-	-	-
Total income	91,284	108,093	114,272	121,030	122,197
EXPENSE					
Employees	47,042	56,218	58,886	61,770	61,632
Suppliers	35,379	48,931	52,117	55,991	57,296
Depreciation and amortisation	1,701	2,944	3,269	3,269	3,269
Finance costs	21	-	-	-	-
Write-down of assets and impairment of assets	25	-	-	-	-
Total expenses	84,168	108,093	114,272	121,030	122,197
Operating result	7,116	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	7,116	-	-	-	-

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,599	1,624	1,649	1,674	1,699
Receivables	45,061	43,756	44,504	45,298	46,092
Total financial assets	46,660	45,380	46,153	46,972	47,791
Non-financial assets					
Land and buildings	1,286	5,624	4,387	3,150	1,913
Infrastructure, plant and equipment	2,184	3,804	4,988	6,250	7,621
Inventories	118	118	118	118	118
Intangibles	208	208	211	161	2
Other	663	663	663	663	663
Total non-financial assets	4,459	10,417	10,367	10,342	10,317
Total assets	51,119	55,797	56,520	57,314	58,108
LIABILITIES					
Payables					
Suppliers	2,516	2,541	2,516	2,516	2,516
Other payables	524	524	524	524	524
Total payables	3,040	3,065	3,040	3,040	3,040
Provisions					
Employees	12,414	13,109	13,857	14,651	15,445
Other provisions	596	596	596	596	596
Total provisions	13,010	13,705	14,453	15,247	16,041
Total liabilities	16,050	16,770	17,493	18,287	19,081
EQUITY					
Contributed equity	29,067	33,025	33,025	33,025	33,025
Reserves	968	968	968	968	968
Retained surpluses	5,034	5,034	5,034	5,034	5,034
Total equity	35,069	39,027	39,027	39,027	39,027
Current assets	47,358	46,043	46,816	47,635	48,454
Non-current assets	3,761	9,754	9,704	9,679	9,654
Current liabilities	13,378	9,918	10,267	10,664	11,061
Non-current liabilities	2,672	6,852	7,226	7,623	8,020

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	9,715	500	500	500	500
Appropriations	78,525	102,885	109,373	116,121	117,215
Net GST received	4,311	4,633	4,324	4,334	4,407
Total cash received	92,551	108,018	114,197	120,955	122,122
Cash used					
Employees	44,977	56,218	58,886	61,770	61,632
Suppliers	48,303	48,831	52,017	55,891	57,196
Total cash used	93,280	105,049	110,903	117,661	118,828
Net cash from or (used by) operating activities	(729)	2,969	3,294	3,294	3,294
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	63	-	-	-	-
Total cash received	63	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,235	8,702	3,269	3,269	3,269
Purchase of intangibles	83	200	-	-	-
Total cash used	1,318	8,902	3,269	3,269	3,269
Net cash from or (used by) investing activities	(1,255)	(8,902)	(3,269)	(3,269)	(3,269)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,975	3,958	-	-	-
Other	-	2,000	-	-	-
Total cash received	1,975	5,958	-	-	-
Net cash from or (used by) financing activities	1,975	5,958	-	-	-
Net increase or (decrease) in cash held	(9)	25	25	25	25
Cash at the beginning of the reporting period	1,608	1,599	1,624	1,649	1,674
Cash at the end of the reporting period	1,599	1,624	1,649	1,674	1,699

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	5,034	968	-	29,067	35,069
Opening balance	5,034	968	-	29,067	35,069
Income and expense					
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	3,958	3,958
Sub-total transactions with owners	-	-	-	3,958	3,958
Estimated closing balance as at 30 June 2007	5,034	968	-	33,025	39,027

Table 3.5: Departmental capital budget statement

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,975	3,958	-	-	-
Total capital appropriations	1,975	3,958	-	-	-
Represented by:					
Purchase of non-financial assets	1,975	3,958	-	-	-
Total represented by	1,975	3,958	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	3,958	-	-	-
Funded internally by					
Departmental resources	1,318	4,944	3,269	3,269	3,269
Total	1,318	8,902	3,269	3,269	3,269

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	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	\$'000
As at 1 July 2006									
Gross book value	-	-	2,247	-	3,607	-	1,496	-	7,350
Accumulated depreciation	-	-	(961)	-	(1,423)	-	(1,288)	-	(3,672)
Opening net book value	-	-	1,286	-	2,184	-	208	-	3,678
Additions:									
by purchase	-	-	5,250	-	3,452	-	200	-	8,902
Depreciation/amortisation expense	-	-	(912)	-	(1,832)	-	(200)	-	(2,944)
As at 30 June 2007									
Gross book value	-	-	7,497	-	7,059	-	1,696	-	16,252
Accumulated depreciation	-	-	(1,873)	-	(3,255)	-	(1,488)	-	(6,616)
Estimated closing net book value	-	-	5,624	-	3,804	-	208	-	9,636

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	21,053	10,000	10,000	10,000	10,000
Total taxation	21,053	10,000	10,000	10,000	10,000
Total revenues administered on behalf of Government	21,053	10,000	10,000	10,000	10,000
Total income administered on behalf of Government	21,053	10,000	10,000	10,000	10,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Write down and impairment of assets	4,121	-	-	-	-
Total expenses administered on behalf of Government	4,121	-	-	-	-

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	1	1	1	1	1
Receivables	4,334	4,000	4,000	4,000	4,000
Total financial assets	4,335	4,001	4,001	4,001	4,001
Total assets administered on behalf of Government	4,335	4,001	4,001	4,001	4,001

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and revenue	20,209	9,220	9,220	9,220	9,220
Fines and costs	401	777	777	777	777
Other	15	3	3	3	3
Total cash received	20,625	10,000	10,000	10,000	10,000
Net cash from or (used by) operating activities					
	20,625	10,000	10,000	10,000	10,000
Net increase or (decrease) in cash held					
	20,625	10,000	10,000	10,000	10,000
Cash at beginning of reporting period	1	1	1	1	1
Cash to Official Public Account for:					
- appropriations	(20,625)	(10,000)	(10,000)	(10,000)	(10,000)
Cash at the end of reporting period	1	1	1	1	1

Table 3.10: Schedule of administered capital budget

The ACCC does not have any administered capital.

**Table 3.11: Schedule of administered property, plant, equipment and
intangibles — summary of movement (Budget year 2006-07)**

The ACCC does not have any administered property, plant, equipment or intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

Accounting policy

The budgeted financial statements have been prepared on an accrual accounting basis in accordance with the:

- Finance Minister's Orders;
- Australian Equivalents to International Accounting Standards (AEIFRS); and
- Interpretations issued by the Australian Accounting Standards Board and the Urgent Issues Group that apply for the accounting period.

Departmental

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

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

Departmental income

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

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

Departmental expenses — employees

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

Departmental expenses — suppliers

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

Departmental expenses — depreciation and amortisation

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

Departmental assets — financial assets

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

Departmental assets — non-financial assets

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

Departmental liabilities — provisions and payables

Provision has been made for the ACCC's liability for employee entitlements arising from services rendered by employees. This liability includes unpaid annual leave and long service leave. No provision has been made for sick leave because the level of sick leave is less on average than the amount which employees are entitled to each year.

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

Administered

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

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 113).

Table 1.1: Agency outcome and output group

Outcome	Description	Output group
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	The AOFM aims to manage the Australian Government's net debt portfolio at least cost over the medium term, subject to acceptable risk. It also aims to contribute to financial market efficiency by maintaining sufficient Commonwealth Government Securities on issue to support the Treasury bond futures market.	Output Group 1.1 Australian Office of Financial Management

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$0.1 million for the Australian Office of Financial Management (AOFM) in 2006-07.

Table 1.2: Additional estimates and variations to outcomes — measures

The AOFM does not have any measures.

Table 1.3: Additional estimates and variations to outcomes — other variations

The additional funding consists of \$0.03 million for indexation and \$0.07 million for meeting expenses previously met from an administered special appropriation.

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Outcome 1				
Variations (departmental)				
Wage cost indexation	29	62	86	87
To meet expenses previously met from an administered special appropriation	71	71	71	71
	100	133	157	158

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2006-07 Budget

The AOFM does not have any measures.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2006-07

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 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	10	10	10	-	-
Total administered items	10	10	10	-	-
DEPARTMENTAL 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	8,314	8,373	8,473	100	-
Total departmental outputs	8,314	8,373	8,473	100	-
Total administered and departmental	8,324	8,383	8,483	100	-

Table 1.6: Appropriation Bill (No. 4) 2006-07

The AOFM does not have any appropriations from Appropriation Bill (No. 4) 2006-07.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2006-07 budget	2006-07 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	35	35	-
Total	35	35	-

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

The AOFM does not have any agency savings.

OTHER REVENUES

Table 1.9 provides details of estimated administered and departmental revenues from sources, other than appropriations, for the AOFM for 2006-07. Departmental revenues are eligible items under the AOFM's net appropriation agreement under section 31 of the *Financial Management and Accountability Act 1997*, and as a result can be applied to the AOFM's departmental activities. The AOFM's administered revenues are not available to meet financial commitments of the AOFM and are returned to the Official Public Account.

Table 1.9: Other revenues

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Departmental other revenues		
Net annotated (section 31) receipts	559	726
Total departmental other revenues available to be used	559	726
Administered other revenues		
<i>Financial Agreement Act 1994</i> - Interest paid by States and Northern Territory on other loans	-	-
<i>Financial Management and Accountability Act 1997</i> - Interest on financial assets	1,082,000	944,031
<i>Housing Agreements, Northern Territory Housing Agreement and Housing Assistance Acts</i> - Interest on advances to States and Northern Territory	86,131	86,131
<i>Loans Securities Act 1919</i> - Swaps interest	1,720,840	1,822,355
<i>States (Works and Housing Assistance) Acts</i> - Interest on advances to States	66,055	66,055
<i>War Service Lands Settlements Acts</i> - Interest on advances to States	196	196
Total administered other revenues	2,955,222	2,918,768

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Estimated expenses		
Outcome 1 / Programme - Commonwealth Debt Management		
<i>Airports (Transitional) Act 1996</i> , section 78 - Interest	-	-
<i>Australian National Railways Commission Sale Act 1997</i> , section 67AW - Interest	-	-
<i>Commonwealth Inscribed Stock Act 1911</i> , section 6 - Loan flotation expenses	150	-
<i>Commonwealth Inscribed Stock Act 1911</i> , section 6 - Interest	3,510,778	3,613,667
<i>Financial Agreement Act 1994</i> , section 5 - Assistance to States for debt redemption	-	-
<i>Financial Agreement Act 1994</i> , section 5 - Contributions to the Debt Retirement Reserve Trust Account	-	-
<i>Loans Redemption and Conversion Act 1921</i> , section 5 - Interest	-	-
<i>Loans Securities Act 1919</i> , section 4 - Interest	1,000	1,000
<i>Loans Securities Act 1919</i> , section 5B(2) - Interest on swaps	1,610,423	1,812,421
<i>Moomba-Sydney Pipeline System Sale Act 1994</i> , section 19(3) - Interest	-	-
<i>Qantas Sale Act 1992</i> , section 18 - Interest	-	-
<i>Snowy Hydro Corporatisation Act 1997</i> , section 22 - Interest	2,000	2,000
<i>Treasury Bills Act 1914</i> , section 6 - Interest	-	-
Total special appropriation expenses	5,124,351	5,429,088
Annual appropriations	10	10
Total estimated expenses	5,124,361	5,429,098

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance 2006-07 2005-06 \$'000	Credits 2006-07 2005-06 \$'000	Debits 2006-07 2005-06 \$'000	Adjustments 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
Debt Retirement Reserve Trust	410	-	-	-	410
Account - <i>FMA Act 1997</i> (section 21) ¹	1,602	124,699	125,891	-	410
Total special accounts					
2006-07 Budget estimate	410	-	-	-	410
<i>Total special accounts</i>					
<i>2005-06 actual</i>	1,602	124,699	125,891	-	410

¹ This special account is administered in nature and is governed by the *Financial Agreement Act 1994*.

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcome and output group' lists the outcome and output group for the Australian Office of Financial Management (AOFM).

The AOFM has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

Figure 2: Outcome and output structure for Outcome 1

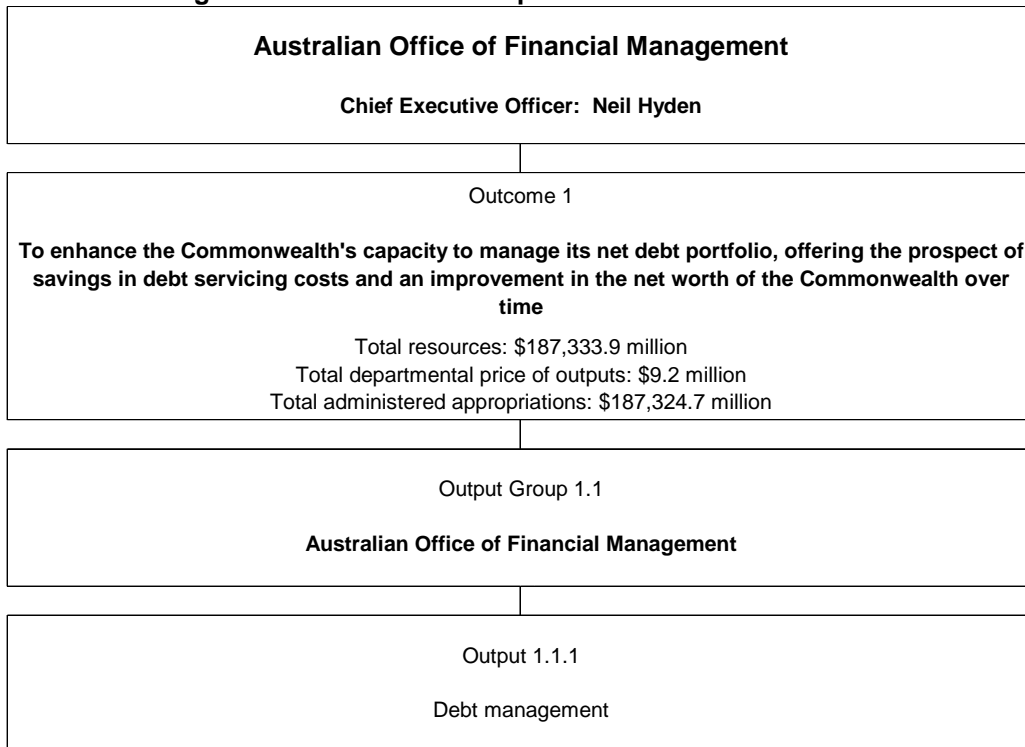


Table 2.1: Total resources for Outcome 1

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Administered appropriations		
Special Appropriations ¹	225,172,351	187,324,722
Annual Appropriations	10	10
Total administered appropriations	225,172,361	187,324,732
Departmental appropriations		
Output Group 1.1 - Australian Office of Financial Management		
Output 1.1.1 - Debt management	8,373	8,473
Total departmental appropriations	8,373	8,473
Revenues from other sources		
Other revenues	559	726
Total revenue from other sources	559	726
Total departmental resources	8,932	9,199
Total estimated resourcing for Outcome 1	225,181,293	187,333,931

1 The AOFM draws administered appropriations to make term deposit investments with the Reserve Bank of Australia. These deposits are used to manage the daily variations in the Commonwealth's cash balances in the Official Public Account (OPA). The cash flows into and out of the OPA are highly variable from day to day and so in consequence are the number, size and timing of term deposits. The deposits are financing transactions.

Revised performance information — 2006-07

The AOFM has not made any changes to its performance information since the *Portfolio Budget Statements 2006-07*.

Section 3: Budgeted 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 2005-06 (actual results), 2006-07 (revised estimates) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

There have been no significant changes to the analysis of AOFM's budgeted financial statements since the *Portfolio Budget Statements 2006-07*.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

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

Budgeted departmental balance sheet

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 departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

This statement provides information on changes in the amount and nature of equity for the 2006-07 Budget year.

Departmental 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.

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets during the budget year 2006-07.

Details of transactions administered by the AOFM on behalf of the Australian Government are shown in the following schedules to the financial statements.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the revenues and expenses administered by the AOFM on behalf of the Australian Government.

Schedule of budgeted assets and liabilities administered on behalf of government

This schedule shows the assets and liabilities administered by the AOFM on behalf of the Australian Government.

Schedule of budgeted administered cash flows

This schedule shows cash flows administered by the AOFM on behalf of the Australian Government, categorised into expected cash flows from operating activities, investing activities and financing activities.

Schedule of administered capital budget

This schedule shows all proposed capital expenditure on net debt management activities sourced from special appropriations.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	8,314	8,473	8,559	8,662	8,752
Goods and services ¹	1,232	726	726	726	726
Total revenue	9,546	9,199	9,285	9,388	9,478
Total income	9,546	9,199	9,285	9,388	9,478
EXPENSES					
Employees	4,763	5,050	5,336	5,618	5,936
Suppliers ¹	2,948	3,311	3,499	3,320	3,092
Depreciation and amortisation	851	838	450	450	450
Write-down of assets and impairment of assets	76	-	-	-	-
Total expenses	8,638	9,199	9,285	9,388	9,478
Net operating result	908	-	-	-	-
Net surplus attributable to the Australian Government	908	-	-	-	-

1 For 2005-06, the amount includes services received free of charge from the Australian National Audit Office.

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	125	179	764	1,407	1,615
Receivables ¹	9,462	9,462	9,462	9,462	9,462
Total financial assets	9,587	9,641	10,226	10,869	11,077
Non-financial assets					
Infrastructure, plant and equipment	1,044	710	560	310	560
Intangibles	619	1,115	915	715	515
Other non-financial assets	19	19	19	19	19
Total non-financial assets	1,682	1,844	1,494	1,044	1,094
Total assets	11,269	11,485	11,720	11,913	12,171
LIABILITIES					
Payables					
Suppliers	95	97	97	97	97
Other payables	2	-	-	-	-
Total payables	97	97	97	97	97
Provisions					
Employees	1,028	1,244	1,479	1,672	1,930
Other provisions	125	125	125	125	125
Total provisions	1,153	1,369	1,604	1,797	2,055
Total liabilities	1,250	1,466	1,701	1,894	2,152
EQUITY					
Contributed equity	3,423	3,423	3,423	3,423	3,423
Retained surpluses	6,596	6,596	6,596	6,596	6,596
Total equity	10,019	10,019	10,019	10,019	10,019
Current assets	349	403	988	1,631	1,839
Non-current assets	10,920	11,082	10,732	10,282	10,332
Current liabilities	961	1,059	1,241	1,377	1,576
Non-current liabilities	289	407	460	517	576

1 Receivables balance includes \$9.3 million of undrawn appropriations held in the Official Public Account.

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,848	8,473	8,559	8,662	8,752
Net GST received	69	-	-	-	-
Other cash received	874	726	726	726	726
Total cash received	7,791	9,199	9,285	9,388	9,478
Cash used					
Employees	4,651	4,835	5,101	5,426	5,677
Suppliers	2,704	3,310	3,499	3,319	3,093
Net GST paid	3	-	-	-	-
Total cash used	7,358	8,145	8,600	8,745	8,770
Net cash from or (used by) operating activities	433	1,054	685	643	708
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	410	1,000	100	-	500
Total cash used	410	1,000	100	-	500
Net cash from or (used by) investing activities	(410)	(1,000)	(100)	-	(500)
Net increase or (decrease) in cash held	23	54	585	643	208
Cash at the beginning of the reporting period	102	125	179	764	1,407
Cash at the end of the reporting period	125	179	764	1,407	1,615

**Table 3.4: Departmental statement of changes in equity — summary of
movement (Budget 2006-07)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	6,596	-	-	3,423	10,019
Opening balance	6,596	-	-	3,423	10,019
Income and expense					
Net operating result	-	-	-	-	-
Total income and expense recognised directly in equity	-	-	-	-	-
Estimated closing balance as at 30 June 2007	6,596	-	-	3,423	10,019

Table 3.5: Departmental capital budget statement

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	410	1,000	100	-	500
Total	410	1,000	100	-	500

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	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	\$'000
As at 1 July 2006									
Gross book value	-	-	-	-	1,516	-	2,715	-	4,231
Accumulated depreciation	-	-	-	-	(472)	-	(2,096)	-	(2,568)
Opening net book value	-	-	-	-	1,044	-	619	-	1,663
Additions:									
by purchase	-	-	-	-	-	-	1,000	-	1,000
Depreciation/amortisation expense	-	-	-	-	(334)	-	(504)	-	(838)
As at 30 June 2007									
Gross book value	-	-	-	-	1,516	-	3,715	-	5,231
Accumulated depreciation	-	-	-	-	(806)	-	(2,600)	-	(3,406)
Estimated closing net book value	-	-	-	-	710	-	1,115	-	1,825

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME AND EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue before re-measurements					
Non-taxation					
Interest	3,450,055	2,918,768	2,589,874	2,759,611	3,273,621
Other sources of non-taxation revenues	258	-	-	-	-
Total non-taxation	3,450,313	2,918,768	2,589,874	2,759,611	3,273,621
Total revenues before re-measurements	3,450,313	2,918,768	2,589,874	2,759,611	3,273,621
Expenses before re-measurements					
Grants	220,373	-	-	-	-
Interest and financing costs	5,472,687	5,429,098	5,154,111	4,658,702	4,393,290
Net foreign exchange losses	483	-	-	-	-
Total expenses before re-measurements	5,693,543	5,429,098	5,154,111	4,658,702	4,393,290
Operating result before re-measurements	(2,243,230)	(2,510,330)	(2,564,237)	(1,899,091)	(1,119,669)
Re-measurements					
Net Market valuation gains / (losses)	910,741	126,668	251,000	166,000	139,000
Total re-measurements	910,741	126,668	251,000	166,000	139,000
Comprehensive Income	(1,332,489)	(2,383,662)	(2,313,237)	(1,733,091)	(980,669)

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	1,698	1,698	1,698	1,698	1,698
Receivables	2,985,461	2,781,698	2,679,951	2,586,023	2,492,015
Investments (section 39 FMA Act)	18,157,039	13,763,000	23,070,000	35,353,000	48,492,000
Accrued revenues	107	107	107	107	107
Total financial assets	21,144,305	16,546,503	25,751,756	37,940,828	50,985,820
Total assets administered on behalf of Government	21,144,305	16,546,503	25,751,756	37,940,828	50,985,820
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Commonwealth Government Securities	58,927,183	57,953,893	59,869,893	60,007,893	59,281,893
Total interest bearing liabilities	58,927,183	57,953,893	59,869,893	60,007,893	59,281,893
Payables					
Other payables	107	107	107	107	107
Total payables	107	107	107	107	107
Total liabilities administered on behalf of Government	58,927,290	57,954,000	59,870,000	60,008,000	59,282,000

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	1,796,833	2,864,191	2,656,141	2,808,752	3,289,103
Net GST received	3	-	-	-	-
Other	259	-	-	-	-
Total cash received	1,797,095	2,864,191	2,656,141	2,808,752	3,289,103
Cash used					
Grant payments	219,993	-	-	-	-
Interest paid	4,240,647	5,191,370	5,155,570	4,742,532	4,344,020
Total cash used	4,460,640	5,191,370	5,155,570	4,742,532	4,344,020
Net cash from or (used by) operating activities	(2,663,545)	(2,327,179)	(2,499,429)	(1,933,780)	(1,054,917)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances	84,406	86,703	88,821	91,430	93,686
Total cash received	84,406	86,703	88,821	91,430	93,686
Net cash from or (used by) investing activities	84,406	86,703	88,821	91,430	93,686
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	6,252,884	5,173,959	4,718,118	5,106,187	4,725,570
Term deposit maturities	275,250,000	180,203,000	166,495,000	163,533,000	162,676,000
Total cash received	281,502,884	185,376,959	171,213,118	168,639,187	167,401,570
Cash used					
Net repayment of borrowings	7,200,198	6,112,634	2,622,000	4,798,000	5,409,000
Term deposit investments	267,950,000	175,783,000	175,783,000	175,783,000	175,783,000
Total cash used	275,150,198	181,895,634	178,405,000	180,581,000	181,192,000
Net cash from or (used by) financing activities	6,352,686	3,481,325	(7,191,882)	(11,941,813)	(13,790,430)
Net increase or (decrease) in cash held	3,773,547	1,240,849	(9,602,490)	(13,784,163)	(14,751,661)
Cash at beginning of reporting period	609	1,698	1,698	1,698	1,698
Cash from Official Public Account for:					
- appropriations	279,695,301	187,147,635	183,621,888	185,374,758	185,588,326
Cash to Official Public Account for:					
- appropriations	(283,467,759)	(188,388,484)	(174,019,398)	(171,590,595)	(170,836,665)
Cash at end of reporting period	1,698	1,698	1,698	1,698	1,698

Table 3.10: Schedule of administered capital budget

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	-	-	-	-	-
Special appropriations	275,150,198	181,895,634	178,405,000	180,581,000	181,192,000
Total capital appropriations	275,150,198	181,895,634	178,405,000	180,581,000	181,192,000
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	275,150,198	181,895,634	178,405,000	180,581,000	181,192,000
Total represented by	275,150,198	181,895,634	178,405,000	180,581,000	181,192,000

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

The AOFM does not have any administered property, plant, equipment or intangibles.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The departmental financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for infrastructure, plant and equipment assets and employee entitlements. Infrastructure, plant and equipment assets are re-valued every three years using a fair value methodology. Employee entitlements are measured at the present value of estimated future cash flows based on periodic actuarial assessment.

The administered financial statements have been prepared on a fair value basis in accordance with Australian equivalents to international financial reporting standards, except for housing advances to the States and Northern Territory which are measured on an amortised cost basis. For 2005-06 housing advances were at fair value. Due to changes to AASB 139 *Financial Instruments: Measurement and Recognition*, housing advances are measured at amortised cost from 1 July 2006.

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

On behalf of the Department of Communications, Information Technology and the Arts (DCITA), the AOFM currently oversees the investments made by the Communications Fund. These investments and their earnings are reported by DCITA and not the AOFM.

Budgeted departmental and administered financial statements

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

Under the Australian Government's accrual budgeting framework, transactions that agencies control (departmental 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.

- Departmental assets, liabilities, revenues and expenses are those which 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 to government.

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

Administered internal transactions

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

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

Goods and services tax (GST)

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

Appropriations in the accrual budgeting framework

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

- departmental price of outputs appropriations: representing the Australian Government's purchase of outputs from the AOFM; and
- administered expense appropriations: for the repayment of interest on lapsed coupons not supported by special appropriation.

Special appropriations fund the majority of administered payments made by the AOFM, including debt redemption, interest payments and financial investment activity.

Budgeted departmental income statement

Appropriations

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

For financial years from 2006-07 to 2007-08 (inclusive), the government has imposed an additional 0.25 per cent efficiency dividend on agencies, bringing the efficiency dividend to 1.25 per cent for these financial years.

Budgeted departmental balance sheet

Cash and undrawn appropriations

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

- settle employee liabilities as they fall due;
- make asset replacements; 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 schedule of budgeted income and expenses

Non-taxation revenue — interest

	Actual 2005-06 \$'000	Revised estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
Interest					
Interest on housing agreements	155,975	152,382	148,668	144,838	140,877
Interest on State and Northern Territory debt	658	-	-	-	-
Interest from other sources	3,293,422	2,766,386	2,441,206	2,614,773	3,132,744
Total interest	3,450,055	2,918,768	2,589,874	2,759,611	3,273,621

Interest from other sources includes interest from swaps and investments.

Expenses — grants

	Actual 2005-06 \$'000	Revised estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
Grants					
Grants to State and Northern Territory Governments	220,373	-	-	-	-
Total grants	220,373	-	-	-	-

Expenses — interest and financing costs

	Actual 2005-06 \$'000	Revised estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
Interest					
Interest on Commonwealth Government Securities	3,627,839	3,616,677	3,493,724	3,354,747	3,333,284
Interest on swaps	1,844,791	1,812,421	1,660,387	1,303,955	1,060,006
Other	57	-	-	-	-
Total interest and financing costs	5,472,687	5,429,098	5,154,111	4,658,702	4,393,290

Net market valuation gains

Net market valuation gains represents the estimated unrealised fair value gains on the net debt portfolio. This valuation gain represents the change in financial exposures due to changes in market conditions and the passage of time.

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

Administered schedule of budgeted assets and liabilities

Financial assets — receivables

	Actual 2005-06 \$'000	Revised estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
Receivables					
Loans to State and Northern Territory Governments ¹	2,969,145	2,882,442	2,793,621	2,702,191	2,608,505
Swaps ²	16,316	(100,744)	(113,670)	(116,168)	(116,490)
Total receivables	2,985,461	2,781,698	2,679,951	2,586,023	2,492,015

¹ At fair value for 2005-06. At amortised cost from 1 July 2006.

² At fair value.

Financial assets — investments

The AOFM, on behalf of the Australian Government, holds surplus funds as term deposits with the Reserve Bank of Australia. Estimates of the fair value of these asset holdings are disclosed as administered investments. The asset holdings of the Future Fund and other government agencies are not included in these estimates.

Interest bearing liabilities — Commonwealth Government Securities

Commonwealth Government Securities represent the fair value of government securities on issue.

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 215).

Table 1.1: Agency outcome and output group

Outcome	Description	Output group
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	The provision of an integrated platform for a viable and sustainable revenue administration.	Output Group 1.1 Australian Taxation Office

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs for the Australian Taxation Office (Tax Office) in 2006-07.

Table 1.2: Additional estimates and variations to outcomes — measures

	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Increase in estimates (departmental)				
Fuel Tax Credit - transitional arrangements	7,586	4,927	-	-
Regulation reform agenda - improved business registration process ¹	2,198	-	-	-
Simplified Superannuation ²	47,642	96,055	89,744	80,260
Simplified Superannuation ² (<i>related capital</i>)	10,995	30,516	10,800	-
Simplified Superannuation ² (<i>related revenue</i>)	(55,000)	(1,276,000)	(1,159,500)	(1,413,000)
Increase in estimates (administered)				
Simplified Superannuation ²	-	110,000	115,000	115,000
Used oil recyclers - additional transitional funding	5,300	3,600	1,700	-

1 Related Regulation Reform Agenda measures can be found in the Prime Minister and Cabinet; Industry, Tourism and Resources and Human Services Portfolios.

2 This is a cross portfolio measure with the Departments of Families, Community Services and Indigenous Affairs; Employment and Workplace Relations; Veteran's Affairs; and Health and Ageing.

Table 1.3: Additional estimates and variations to outcomes — other variations

	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Variations (departmental)				
Adjustment to reflect movement in indices relating to prices and wages	-	11,988	14,371	16,782

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2006-07 Budget

Measure	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measures												
Fuel Tax Credit - transitional arrangements	-	7,586	7,586	-	4,927	4,927	-	-	-	-	-	-
Regulation Reform Agenda - improved business registration process ¹	-	2,198	2,198	-	-	-	-	-	-	-	-	-
Simplified Superannuation ²	-	47,642	47,642	110,000	96,055	206,055	115,000	89,744	204,744	115,000	80,260	195,260
Used oil recyclers - additional transitional funding	5,300	-	5,300	3,600	-	3,600	1,700	-	1,700	-	-	-
Total Measures	5,300	57,426	62,726	113,600	100,982	214,582	116,700	89,744	206,444	115,000	80,260	195,260
Capital Measure												
Simplified Superannuation ²	-	10,995	10,995	-	30,516	30,516	-	10,800	10,800	-	-	-
Total Measure	-	10,995	10,995	-	30,516	30,516	-	10,800	10,800	-	-	-
Related												
Revenue Measure												
Simplified Superannuation ²	(55,000)	-	(55,000)	(1,276,000)	-	(1,276,000)	(1,159,500)	-	(1,159,500)	(1,413,000)	-	(1,413,000)
Total Measure	(55,000)	-	(55,000)	(1,276,000)	-	(1,276,000)	(1,159,500)	-	(1,159,500)	(1,413,000)	-	(1,413,000)
Total of Measures	(49,700)	68,421	18,721	(1,162,400)	131,498	(1,030,902)	(1,042,800)	100,544	(942,256)	(1,298,000)	80,260	(1,217,740)

1 Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet; Industry, Tourism and Resources and Human Services Portfolios.

2 This is a cross portfolio measure with the Departments of Families, Community Services and Indigenous Affairs; Employment and Workplace Relations; Veteran's Affairs; and Health and Ageing.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2006-07

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL 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	2,459,039	2,535,709	2,593,135	57,426	-
Total	2,459,039	2,535,709	2,593,135	57,426	-

Table 1.6: Appropriation Bill (No. 4) 2006-07

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity injections					
Operation Wickenby - Investigations and Prosecutions	100	2,121	2,121	-	-
Tax Practitioner Legislative Framework - implementation	-	1,341	1,341	-	-
Simplified Superannuation	-	-	10,995	10,995	-
Total	100	3,462	14,457	10,995	-

Table 1.7: Average Staffing Level (ASL)

	2006-07 budget	2006-07 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	20,538	20,908	370
Total	20,538	20,908	370

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

The Tax Office does not have any agency savings.

OTHER RESOURCES AVAILABLE TO BE USED

Table 1.9: Other resources available to be used

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Departmental resources		
Department of Families, Community Services and Indigenous Affairs	9,015	9,015
Department of Health and Ageing	611	611
Child Support Agency	21,912	21,912
Sub-lease revenue	1,918	1,918
AusAID	854	854
National tax equivalent regime	1,145	1,145
Legal recovery from taxpayers	300	300
Other - resources received free of charge	1,910	2,350
Other	2,220	2,220
Total departmental resources available to be used	39,885	40,325

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

	Budget estimate 2006-07 \$'000	Revised estimate 2006-07 \$'000
Estimated expenses		
Refunds - <i>Tax Administration Act 1953</i> , section 16 ¹	63,520,054	66,492,029
Family Tax Benefit ²	1,973,918	2,050,000
Measure for a Better Environment - Cleaner Fuels	86,000	120,000
Product Stewardship Waste Oil	21,000	38,400
Large Scale Film Production	50,000	50,000
R & D refundable tax offset for small companies	342,000	355,000
Superannuation Co-contribution	1,098,000	1,133,000
<i>Superannuation Guarantee (Administration) Act 1992</i> Distribution of charges	175,000	231,000
Total estimated expenses ³	67,265,972	70,469,429

¹ Refunds under section 16 of the *Tax Administration Act 1953* are primarily taxation refunds from revenue but may include amounts for the First Child tax offset, the Private Health Insurance Benefit, Fuel Tax Credits and interest on overpayments. In 2006-07 refunds include amounts previously reported under the Energy Grants (Credits) Scheme and Fuel Sales Grants Scheme.

² This represents the portion of the Family Tax Benefit administered by the Tax Office only.

³ The total amount showing for special appropriations differs to the amount shown in Figure 2 as it includes appropriations for taxation refunds from revenue. In Figure 2, taxation refunds are netted off against taxation revenue.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance	Credits	Debits	Adjustments	Closing Balance
	2006-07	2006-07	2006-07	2006-07	2006-07
	2005-06	2005-06	2005-06	2005-06	2005-06
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Valuation Office ¹	3,296	26,794	26,605	-	3,485
	6,453	25,515	28,672	-	3,296
Excise Security Deposits ²	52	-	-	-	52
	46	7	1	-	52
Other Trust Moneys Account ²	19,844	-	-	-	19,844
	21,276	24,230	25,662	-	19,844
Superannuation Holding Accounts	57,769	200	7,500	-	50,469
Reserve Trust Accounts ³	59,300	9,140	10,671	-	57,769
Total special accounts					
2006-07 Budget estimate	80,961	26,994	34,105	-	73,850
<i>Total special accounts</i>					
<i>2005-06 actual</i>	<i>87,075</i>	<i>58,892</i>	<i>65,006</i>	-	<i>80,961</i>

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

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

3 This special account is administered in nature and is governed by the *Small Superannuation Accounts Act 1995*.

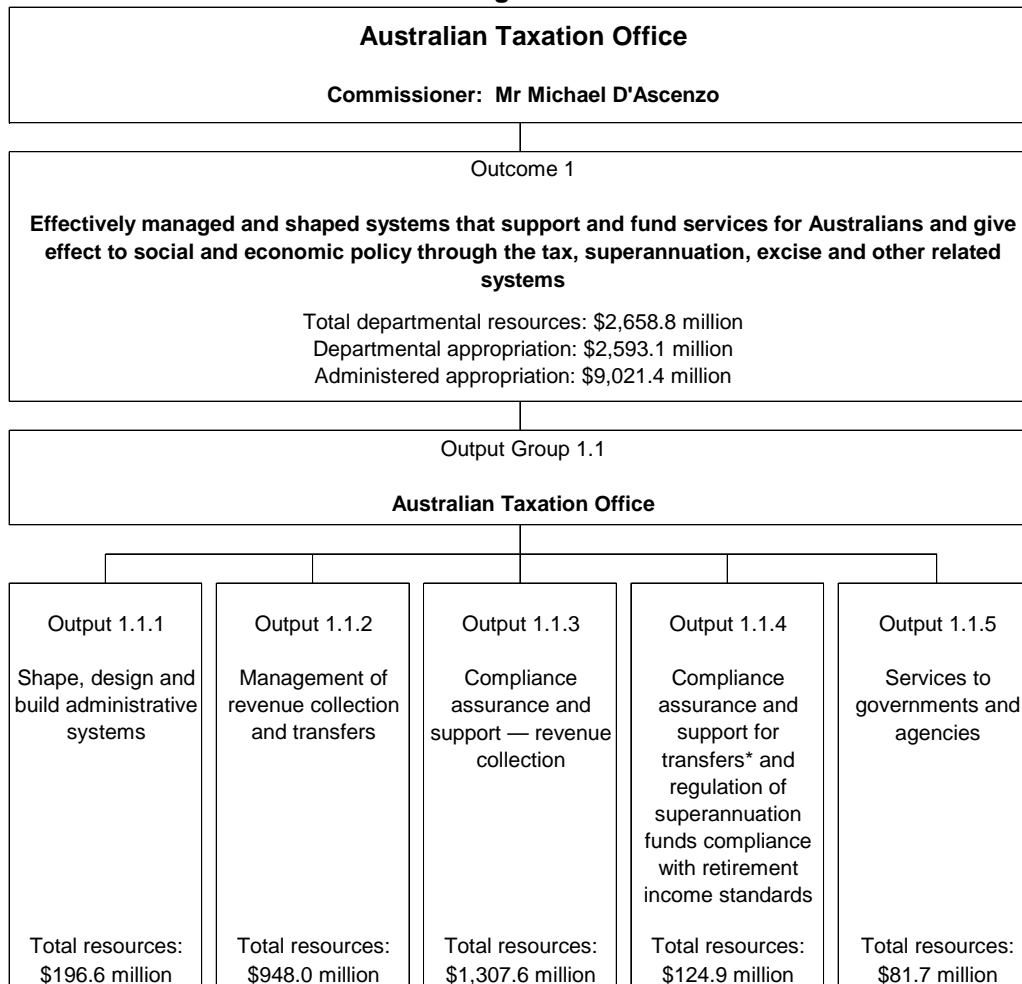
Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcome and output group' lists the outcome and output group for the Australian Taxation Office (Tax Office).

The Tax Office has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

Figure 2



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

Agency Additional Estimates Statements – Tax Office

Revised performance information — 2006-07

The Tax Office has not made any changes to its performance information since the *Portfolio Budget Statements 2006-07*.

Section 3: Budgeted financial statements

The budgeted departmental and administered financial statements and related notes for the Australian Taxation Office (Tax Office) are in this section. The financial statements are produced for 2005-06 (actual results), 2006-07 (revised budget estimate) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

There has been no change to the Tax Office's 2006-07 budgeted operating surplus of \$0.6 million (as outlined in the *Portfolio Budget Statements 2006-07*).

Revenue

Total departmental revenue is estimated to be \$2,658.8 million. This consists of government appropriations of \$2,593.1 million and income from other sources of \$65.7 million. This represents an increase in government appropriations, from the *Portfolio Budget Statements 2006-07*, of \$57.4 million due to the new budget measures shown in Table 1.4.

Expenses

Total departmental expenses are estimated to be \$2,657.9 million. This consists of \$1,634.2 million in employee expenses, \$904.8 million in supplier expenses and \$118.9 million in depreciation/amortisation. The increase in expenses, from the *Portfolio Budget Statements 2006-07*, corresponds to the increase in total departmental revenue.

Budgeted departmental balance sheet

Equity

The estimated equity position of the Tax Office at the end of 2006-07 is negative \$26.5 million. This represents an increase in equity of \$14.8 million, from the 2005-06 actual results, due to equity injections in 2006-07 as shown in Table 1.6.

Assets

The Tax Office's assets are predominantly non-financial assets. In 2006-07 the Tax Office will continue to maintain its commitment to long term improvement, investing \$171.8 million in capital expenditure. This represents an increase of \$11.0 million, from

the *Portfolio Budget Statements 2006-07*, due to asset purchases associated with equity injections for new budget measures shown in Table 1.4.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

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

Budgeted departmental balance sheet

This statement shows the financial position of the Tax Office. It helps decision makers track the management of assets and liabilities.

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

This statement provides details of changes in the amount and nature of equity balances for 2006-07.

Departmental capital budget statement

This statement shows the amount of planned capital expenditure, whether funded through capital appropriations or from internal resources.

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows expected acquisitions and disposals of non-financial assets for 2006-07.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This statement shows the main revenues and expenses administered by the Tax Office on behalf of the Australian Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Schedule of budgeted assets and liabilities administered on behalf of government

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

Schedule of budgeted administered cash flows

This statement shows the cash flows administered on behalf of the Australian Government.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	2,459,039	2,593,135	2,679,415	2,680,144	2,681,133
Goods and services	53,204	63,308	64,007	64,081	64,149
Interest	248	-	-	-	-
Other	682	-	-	-	-
Total revenue	2,513,173	2,656,443	2,743,422	2,744,225	2,745,282
Gains					
Other	2,350	2,350	2,350	2,350	2,350
Total gains	2,350	2,350	2,350	2,350	2,350
Total income	2,515,523	2,658,793	2,745,772	2,746,575	2,747,632
EXPENSE					
Employees	1,632,331	1,634,196	1,650,938	1,677,722	1,705,574
Suppliers	796,996	904,793	972,983	926,558	890,610
Depreciation and amortisation	90,656	118,936	120,985	141,426	150,579
Write-down of assets and impairment of assets	1,068	-	-	-	-
Net losses from sale of assets	267	-	-	-	-
Borrowing Costs	1,633	-	-	-	-
Total expenses	2,522,951	2,657,925	2,744,906	2,745,706	2,746,763
Operating result before Income Tax	(7,428)	868	866	869	869
Income Tax expense	316	267	267	267	267
Net operating result	(7,744)	601	599	602	602
Net surplus or (deficit) attributable to the Australian Government	(7,744)	601	599	602	602

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	36,412	32,723	28,708	32,322	43,487
Receivables	207,026	192,833	189,699	188,831	209,954
Total financial assets	243,438	225,556	218,407	221,153	253,441
Non-financial assets					
Land and buildings	97,506	105,122	104,595	104,068	103,541
Infrastructure, plant and equipment	61,771	53,146	48,988	44,830	40,672
Intangibles	287,464	341,304	405,230	419,162	410,578
Deferred tax asset	629	629	629	629	629
Other	12,835	13,044	13,253	13,253	13,253
Total non-financial assets	460,205	513,245	572,695	581,942	568,673
Total assets	703,643	738,801	791,102	803,095	822,114
LIABILITIES					
Payables					
Suppliers	142,723	140,684	140,336	132,635	126,058
Tax liabilities	-	-	-	-	267
Other payables	3,292	3,299	3,299	3,299	3,299
Total payables	146,015	143,983	143,635	135,934	129,624
Interest bearing liabilities					
Leases	33,447	31,490	29,500	27,589	25,678
Total interest bearing liabilities	33,447	31,490	29,500	27,589	25,678
Provisions					
Employees	518,539	543,207	562,909	570,860	597,498
Other provisions	46,881	46,613	46,346	46,346	46,346
Total provisions	565,420	589,820	609,255	617,206	643,844
Total liabilities	744,882	765,293	782,390	780,729	799,146
EQUITY					
Contributed equity	184,896	199,353	234,269	247,632	247,632
Reserves	37,767	37,767	37,767	37,767	37,767
Accumulated deficits	(263,902)	(263,612)	(263,324)	(263,033)	(262,431)
Total equity	(41,239)	(26,492)	8,712	22,366	22,968
Current assets	230,795	242,327	259,481	263,415	269,653
Non-current assets	472,848	496,474	531,621	539,680	552,461
Current liabilities	568,345	583,919	596,964	595,696	609,748
Non-current liabilities	176,537	181,374	185,426	185,033	189,398

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	55,837	63,308	64,007	65,989	66,059
Appropriations	2,499,039	2,606,635	2,686,415	2,673,718	2,658,027
Interest	255	-	-	-	-
Cash from the OPA	3,000	-	-	-	-
Net GST received	83,834	89,366	90,547	98,380	89,819
Other cash received	201	-	-	-	-
Total cash received	2,642,166	2,759,309	2,840,969	2,838,087	2,813,905
Cash used					
Employees	1,605,589	1,609,526	1,631,237	1,669,771	1,678,935
Suppliers	807,520	905,038	971,538	933,814	896,748
Taxes Paid	107	267	267	267	-
Financing costs	1,187	-	-	-	-
Net GST paid	88,898	90,553	96,321	93,000	89,747
Total cash used	2,503,301	2,605,384	2,699,363	2,696,852	2,665,430
Net cash from or (used by) operating activities	138,865	153,925	141,606	141,235	148,475
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	455	-	-	-	-
Total cash received	455	-	-	-	-
Cash used					
Purchase of property, plant and equipment	145,532	171,767	180,226	150,673	137,310
Total cash used	145,532	171,767	180,226	150,673	137,310
Net cash from or (used by) investing activities	(145,077)	(171,767)	(180,226)	(150,673)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	100	14,457	34,916	13,363	-
Total cash received	100	14,457	34,916	13,363	-
Cash used					
Dividends paid	1,360	304	311	311	-
Total cash used	1,360	304	311	311	-
Net cash from or (used by) financing activities	(1,260)	14,153	34,605	13,052	-
Net increase or (decrease) in cash held	(7,472)	(3,689)	(4,015)	3,614	11,165
Cash at the beginning of the reporting period	43,884	36,412	32,723	28,708	32,322
Cash at the end of the reporting period	36,412	32,723	28,708	32,322	43,487

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	(263,902)	37,767	-	184,896	(41,239)
Opening balance	(263,902)	37,767	-	184,896	(41,239)
Income and expense					
Net operating result	601	-	-	-	601
Total income and expenses recognised directly in equity	601	-	-	-	601
Transactions with owners					
<i>Distributions to owners</i>					
Returns on capital					
Dividends	(311)	-	-	-	(311)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	14,457	14,457
Sub-total transactions with owners	(311)	-	-	14,457	14,146
Estimated closing balance as at 30 June 2007	(263,612)	37,767	-	199,353	(26,492)

Table 3.5: Departmental capital budget statement

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	100	14,457	34,916	13,363	-
Total capital appropriations	100	14,457	34,916	13,363	-
Represented by:					
Purchase of non-financial assets	100	14,457	34,916	13,363	-
Total represented by	100	14,457	34,916	13,363	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	100	14,457	34,916	13,363	-
Funded internally by Departmental resources	144,679	157,310	145,310	137,310	137,310
Total	144,779	171,767	180,226	150,673	137,310

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	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	\$'000
As at 1 July 2006									
Gross book value	-	-	113,705	-	90,084	-	503,402	-	707,191
Accumulated depreciation	-	-	(16,199)	-	(28,313)	-	(215,938)	-	(260,450)
Opening net book value	-	-	97,506	-	61,771	-	287,464	-	446,741
Additions:									
by purchase	-	-	35,140	-	12,150	-	124,477	-	171,767
Depreciation/amortisation expense	-	-	(27,524)	-	(20,775)	-	(70,637)	-	(118,936)
As at 30 June 2007									
Gross book value	-	-	148,845	-	102,234	-	627,879	-	878,958
Accumulated depreciation	-	-	(43,723)	-	(49,088)	-	(286,575)	-	(379,386)
Estimated closing net book value	-	-	105,122	-	53,146	-	341,304	-	499,572

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	176,197,620	185,340,000	195,330,000	207,110,000	218,750,000
Indirect tax	62,012,511	64,390,000	67,110,000	69,970,000	72,850,000
Other taxes, fees and fines	13,025	18,900	20,200	21,500	22,800
Total taxation	238,223,156	249,748,900	262,460,200	277,101,500	291,622,800
Non-taxation					
Other sources of non-taxation revenues	394,570	399,000	355,000	395,000	435,000
Total non-taxation	394,570	399,000	355,000	395,000	435,000
Total revenues administered on behalf of Government	238,617,726	250,147,900	262,815,200	277,496,500	292,057,800
Total income administered on behalf of Government	238,617,726	250,147,900	262,815,200	277,496,500	292,057,800
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	4,279,131	4,929,400	5,192,600	5,549,700	5,672,000
Personal benefits	3,770,294	3,531,029	3,664,132	3,657,216	3,700,284
Write down and impairment of assets	2,553,521	3,258,000	3,265,000	3,295,000	3,340,000
Finance costs	323,305	330,000	330,000	330,000	330,000
Other	225,596	231,000	190,000	215,000	235,000
Total expenses administered on behalf of Government	11,151,847	12,279,429	12,641,732	13,046,916	13,277,284

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	223,976	223,976	223,976	223,976	223,976
Receivables	12,588,191	13,678,191	15,083,191	16,948,191	18,578,191
Accrued revenues	7,945,593	7,945,593	7,945,593	7,945,593	7,945,593
Total financial assets	20,757,760	21,847,760	23,252,760	25,117,760	26,747,760
Non-financial assets					
Other	22	22	22	22	22
Total non-financial assets	22	22	22	22	22
Total assets administered on behalf of Government	20,757,782	21,847,782	23,252,782	25,117,782	26,747,782
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,866,789	1,866,789	1,866,789	1,866,789	1,866,789
Other provisions	579,277	592,277	622,277	657,277	692,277
Total provisions	2,446,066	2,459,066	2,489,066	2,524,066	2,559,066
Payables					
Grants and subsidies	1,272,560	1,349,560	1,354,560	1,498,560	1,559,560
Personal benefits payable	3,752,770	3,842,799	3,966,902	3,992,986	4,061,054
Other payables	20,596	20,596	20,596	20,596	20,596
Total payables	5,045,926	5,212,955	5,342,058	5,512,142	5,641,210
Total liabilities administered on behalf of Government	7,491,992	7,672,021	7,831,124	8,036,208	8,200,276

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	199,737,702	182,540,000	192,230,000	203,530,000	215,550,000
Indirect tax	91,117,998	62,980,000	65,650,000	68,510,000	71,220,000
Other taxes, fees and fines	-	18,900	20,200	21,500	22,800
Other	258,407	261,000	245,000	275,000	295,000
Total cash received	291,114,107	245,799,900	258,145,200	272,336,500	287,087,800
Cash used					
Interest paid	323,305	330,000	330,000	330,000	330,000
Subsidies paid	4,132,321	4,880,400	5,187,500	5,405,800	5,611,100
Personal benefits	3,084,087	3,441,000	3,547,000	3,634,000	3,639,000
Other	127,727	190,000	160,000	180,000	200,000
Total cash used	7,667,440	8,841,400	9,224,500	9,549,800	9,780,100
Net cash from or (used by) operating activities	283,446,667	236,958,500	248,920,700	262,786,700	277,307,700
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	7,667,440	8,841,400	9,224,500	9,549,800	9,780,100
Total cash received	7,667,440	8,841,400	9,224,500	9,549,800	9,780,100
Cash used					
Cash to Official Public Account	290,959,481	245,799,900	258,145,200	272,336,500	287,087,800
Total cash used	290,959,481	245,799,900	258,145,200	272,336,500	287,087,800
Net cash from or (used by) financing activities	(283,292,041)	(236,958,500)	(248,920,700)	(262,786,700)	(277,307,700)
Net increase or (decrease) in cash held	154,626	-	-	-	-
Cash at beginning of reporting period	69,350	223,976	223,976	223,976	223,976
Cash at end of reporting period	223,976	223,976	223,976	223,976	223,976

Table 3.10: Schedule of administered capital budget

The Tax Office does not have any administered capital.

**Table 3.11: Schedule of administered property, plant, equipment and
intangibles — summary of movement (Budget year 2006-07)**

The Tax Office does not have any administered property, plant, equipment or intangibles.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Notes to the departmental statements

The departmental financial statements, included in Tables 3.1 to 3.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Administration 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 Tax Office's budgeted financial statements are consolidated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Departmental statements include the estimated costs of administering the goods and services tax pursuant to the 'intergovernmental agreement on the reform of Commonwealth State Financial Regulations'. The GST revenue is collected on behalf of the States and Territories which agree to compensate the Australian Government for the agreed GST administration costs.

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

Administered

The administered financial statements included in Tables 3.7 to 3.9 have been prepared on the basis of Australian Accounting Standards.

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

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

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the Tax Office and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges – the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet reported, and are likely to be reported, to the Tax Office through an assessment or disclosure.

However in circumstances when there is an ‘inability to reliably measure tax revenues when the underlying transactions or events occur’, the standards permit an alternative approach – the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the Tax Office. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the Tax Office uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

Items recognised as reductions to taxation revenue

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

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

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 307).

Table 1.1: Agency outcome and output group

Outcome	Description	Output groups
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	To enhance understanding and community awareness of how Australia's productivity and living standards can be improved.	Output Group 1.1 Productivity Commission

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$3.8 million (including capital funding of \$0.7 million) for the Productivity Commission (the Commission) in 2006-07.

Table 1.2: Additional estimates and variations to outcomes — measures

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
Outcome 1				
Increase in estimates (departmental)				
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation ¹	3,068	2,770	3,260	3,322
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation ¹ (Related capital)	685	-	-	-

¹ Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

Agency Additional Estimates Statements – The Commission

Table 1.3: Additional estimates and variations to outcomes — other variations

	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000
Outcome 1				
Variations (departmental)				
Section 32 transfer of the Business Cost				
Calculator from the Department of Industry, Tourism and Resources to the Commission	712	229	-	-

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2006-07 Budget

Measure	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measure													
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation ¹	1.1	-	3,068	3,068	-	2,770	2,770	-	3,260	3,260	-	3,322	3,322
Capital Measure													
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation ¹	1.1	-	685	685	-	-	-	-	-	-	-	-	-
Total of Measure		-	3,753	3,753	-	2,770	2,770	-	3,260	3,260	-	3,322	3,322

¹ Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2006-07

	2005-06 available \$'000	2006-07 budget ¹ \$'000	2006-07 budget ² \$'000	2006-07 revised \$'000	Additional estimates \$'000
DEPARTMENTAL 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	28,449	28,471	29,183	32,251	3,068
Total departmental	28,449	28,471	29,183	32,251	3,068

1 Original budget as shown in the *Portfolio Budget Statements 2006-07*.

2 Original budget as shown in the *Portfolio Budget Statements 2006-07* plus section 32 transfers (\$0.7 million from the Department of Industry, Tourism and Resources).

Table 1.6: Appropriation Bill (No. 4) 2006-07

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000
Non-operating				
Equity injections				
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation	-	-	685	685
Total non-operating	-	-	685	685
Total	-	-	685	685

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2006-07 budget	2006-07 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	200	220	20
Total	200	220	20

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

The Commission does not have any agency savings.

OTHER RESOURCES AVAILABLE TO BE USED

Table 1.9: Other resources available to be used

The Commission has not made any changes to estimated other resources available to be used since the *Portfolio Budget Statements 2006-07*.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

The Commission does not have any special appropriations.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

The Commission has not made any changes to estimated of special account flows in the *Portfolio Budget Statements 2006-07*.

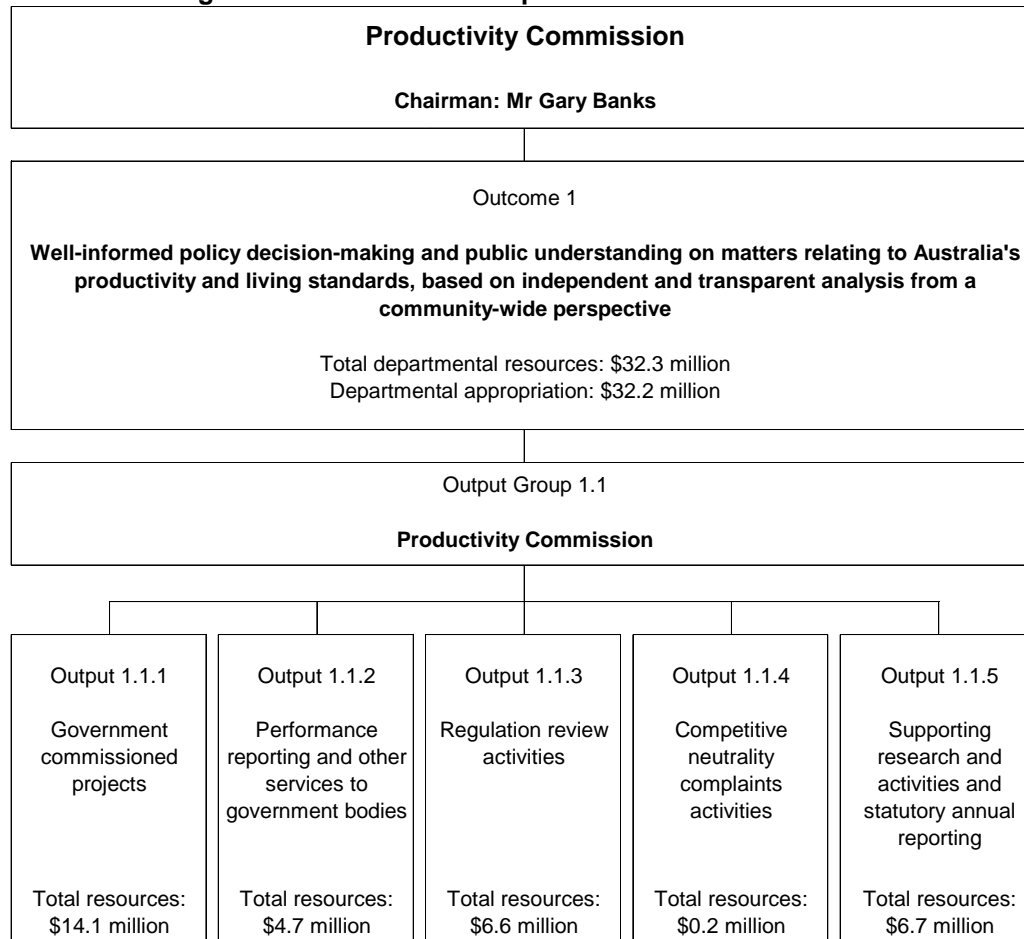
Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcome and output groups' lists the outcome and output group for the Productivity Commission (the Commission).

The Commission has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

Figure 2: Outcome and output structure for Outcome 1



Revised performance information — 2006-07

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1

Performance indicators for individual outputs

Output group 1.1: Productivity Commission

<p>Output 1.1.1 - Government commissioned projects</p>	<p>Quality: Projects of a high standard, useful to government, undertaken in accordance with required processes and on time.</p> <p>Quantity: Capacity to undertake projects to the total price of outputs.</p> <p>Price: \$14.1 million</p>
<p>Output 1.1.2 - Performance reporting and other services to government bodies</p>	<p>Quality: Reports of a high standard, useful to government, and completed on time.</p> <p>Quantity: Capacity to provide reports and services to the total price of outputs.</p> <p>Price: \$4.7 million</p>
<p>Output 1.1.3 - Regulation review activities</p>	<p>Quality: Regulation Impact Statement (RIS) and compliance cost assessments, consultation and associated activities of a high standard, advice useful to government and on time.</p> <p>Quantity: Capacity to undertake RIS assessments and associated activities to the total price of outputs.</p> <p>Price: \$6.6 million</p>
<p>Output 1.1.4 - Competitive neutrality complaints activities</p>	<p>Quality: Competitive neutrality complaints successfully resolved within 90 days; associated activities of a high standard and useful to government.</p> <p>Quantity: Capacity to undertake activities to the total price of outputs.</p> <p>Price: \$0.2 million</p>
<p>Output 1.1.5 - Supporting research and activities and statutory annual reporting</p>	<p>Quality: Reports, projects and associated activities of a high standard, useful to government, raising community awareness and on time.</p> <p>Quantity: Capacity to undertake research that supports the government's current and emerging policy agenda to the total price of outputs.</p> <p>Price: \$6.7 million</p>

Section 3: Budgeted financial statements

ANALYSIS OF 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) 2006-07 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 budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

BUDGETED FINANCIAL STATEMENTS

Additional funding is being provided to enable the Commission to implement aspects of the Government's regulation reform agenda, as outlined in the response to the report, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business* and the Prime Minister and Treasurer's joint media statement of 12 October 2005.

The Commission continues to budget for a break-even operating result in 2006-07 and for the forward estimates.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	28,449	32,251	31,652	32,090	32,383
Goods and services	47	50	50	50	50
Other	38	35	35	35	35
Total revenue	28,534	32,336	31,737	32,175	32,468
Gains					
Net gains from sale of assets	9	-	-	-	-
Total gains	9	-	-	-	-
Total income	28,543	32,336	31,737	32,175	32,468
EXPENSE					
Employees	21,045	24,252	24,226	24,485	24,720
Suppliers	6,173	7,235	6,654	6,824	6,858
Depreciation and amortisation	626	824	832	841	865
Finance costs	22	25	25	25	25
Write-down of assets and impairment of assets	5	-	-	-	-
Total expenses	27,871	32,336	31,737	32,175	32,468
Operating result from continuing operations	672	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	672	-	-	-	-

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	172	204	269	230	245
Receivables	7,580	7,900	8,600	8,400	9,000
Other financial assets	337	320	330	340	350
Total financial assets	8,089	8,424	9,199	8,970	9,595
Non-financial assets					
Land and buildings	1,296	1,406	941	1,226	761
Infrastructure, plant and equipment	624	838	811	890	900
Intangibles	34	39	44	49	54
Total non-financial assets	1,954	2,283	1,796	2,165	1,715
Total assets	10,043	10,707	10,995	11,135	11,310
LIABILITIES					
Payables					
Suppliers	147	120	120	120	120
Total payables	147	120	120	120	120
Provisions					
Employees	7,363	7,333	7,579	7,679	7,814
Other provisions	722	758	800	840	880
Total provisions	8,085	8,091	8,379	8,519	8,694
Total liabilities	8,232	8,211	8,499	8,639	8,814
EQUITY					
Contributed equity	1,711	2,396	2,396	2,396	2,396
Reserves	1,172	1,172	1,172	1,172	1,172
Accumulated deficits	(1,072)	(1,072)	(1,072)	(1,072)	(1,072)
Total equity	1,811	2,496	2,496	2,496	2,496
Current assets	8,089	8,424	9,199	8,970	9,595
Non-current assets	1,954	2,283	1,796	2,165	1,715
Current liabilities	6,910	6,853	7,099	7,199	7,334
Non-current liabilities	1,322	1,358	1,400	1,440	1,480

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	47	50	50	50	50
Appropriations	27,300	32,251	31,652	32,090	32,383
Total cash received	27,347	32,301	31,702	32,140	32,433
Cash used					
Employees	20,721	23,828	24,484	24,791	25,022
Suppliers	6,297	7,166	6,818	6,938	6,991
Total cash used	27,018	30,994	31,302	31,729	32,013
Net cash from or (used by) operating activities	329	1,307	400	411	420
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	11	10	10	10	10
Total cash received	11	10	10	10	10
Cash used					
Purchase of property, plant and equipment	378	1,285	345	460	415
Total cash used	378	1,285	345	460	415
Net cash from or (used by) investing activities	(367)	(1,275)	(335)	(450)	(405)
Net increase or (decrease) in cash held	(38)	32	65	(39)	15
Cash at the beginning of the reporting period	210	172	204	269	230
Cash at the end of the reporting period	172	204	269	230	245

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	(1,072)	1,172	-	1,711	1,811
Opening balance	(1,072)	1,172	-	1,711	1,811
Income and Expense					
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	685	685
Sub-total transactions with owners	-	-	-	685	685
Estimated closing balance as at 30 June 2007	(1,072)	1,172	-	2,396	2,496

Table 3.5: Departmental capital budget statement

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	685	-	-	-
Total capital appropriations	-	685	-	-	-
Represented by:					
Purchase of non-financial assets	-	685	-	-	-
Total represented by	-	685	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	685	-	-	-
Funded internally by					
Departmental resources	378	600	345	460	415
Total	378	1,285	345	460	415

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	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	\$'000
As at 1 July 2006									
Gross book value	-	-	1,969	-	2,661	-	575	-	5,205
Accumulated depreciation	-	-	(673)	-	(2,037)	-	(541)	-	(3,251)
Opening net book value	-	-	1,296	-	624	-	34	-	1,954
Additions:									
by purchase	-	-	575	-	695	-	15	-	1,285
Disposals:									
other disposals	-	-	-	-	(132)	-	-	-	(132)
Depreciation/amortisation expense	-	-	(465)	-	(349)	-	(10)	-	(824)
As at 30 June 2007									
Gross book value	-	-	2,544	-	3,224	-	590	-	6,358
Accumulated depreciation	-	-	(1,138)	-	(2,386)	-	(551)	-	(4,075)
Estimated closing net book value	-	-	1,406	-	838	-	39	-	2,283

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The Commission does not have any administered activities.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The Commission does not have any administered activities.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Commission does not have any administered activities.

Table 3.10: Schedule of administered capital budget

The Commission does not have any administered activities.

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

The Commission does not have any administered activities.

NOTES TO THE FINANCIAL STATEMENTS

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.

PORTFOLIO 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 Australian Government. 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 Appropriation 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 <i>Commonwealth of Australia Constitution Act 1900</i> 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, income and expenses that 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	A valuation methodology whereby 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.

Operating result	Equals income 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 Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs 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. Examples include: the 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 (*Financial Management and Accountability Act 1997* (FMA Act), subsection 20 and 21). 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 Minister for Finance and Administration (section 20 FMA Act) or through an Act of Parliament (referred to in section 21 of the FMA Act).

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.