



# Budget

## 2018-19

Portfolio Budget Statements 2018-19  
Budget Related Paper No. 1.16  
TREASURY Portfolio

Budget Initiatives and Explanations of  
Appropriations Specified by Outcomes  
and Programs by Entity

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Manager  
Media Unit  
The Treasury  
Langton Crescent  
Parkes ACT 2600  
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**TREASURER**  
**PARLIAMENT HOUSE**  
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President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2018-19 Budget for the Treasury portfolio.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Morrison'.

The Hon Scott Morrison MP

## Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

## Enquiries

Should you have any enquiries regarding this publication please contact Mr Robert Twomey, Chief Financial Officer, Department of the Treasury on 02 6263 2111.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET STATEMENTS**



# USER GUIDE

The purpose of the *2018-19 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2018-19 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2018-19 for the parliamentary departments). In this sense, the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

## **The Enhanced Commonwealth Performance Framework**

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and planned performance.

## Enhanced Commonwealth Performance Framework - key components of relevant publications

### Portfolio Budget Statements (May) *Portfolio based*

Supports Annual Appropriations. Informs Senators and Members of Parliament of the proposed allocation of other resources to **government outcomes and programs**.

Provides links to **relevant programs** undertaken by other Commonwealth entities.

Provides high level performance information for current, ongoing programs, particularly a **forecast of performance for the current year**.

Provides **detailed** prospective performance information for proposed new budget measures that require a **new program** or **significantly change an existing program**.

### Corporate Plan (August) *Entity based*

**Primary planning document** of a Commonwealth entity.

Sets out the **purposes** of the entity, the **activities** it will undertake to achieve its purposes and the **results** it expects to achieve over a minimum four year period.

Describes the **environment** in which the entity **operates**, the **capability** it requires to undertake **activities** and a discussion of **risk**.

Explains how the entity's **performance** will be **measured and assessed**.



### Annual Performance Statement (October following year) *Entity based*

Included in the Commonwealth entity's Annual Report. Focuses on **recent performance**.

Reports on the **actual performance results** for the year against the **forecasts** made in the **corporate plan** and **Portfolio Budget Statements**, and provides other performance information relevant to the entity.

Provides an **analysis** of the factors that **contributed** to the **entity's performance results**.



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# **PORTFOLIO OVERVIEW**



# TREASURY PORTFOLIO OVERVIEW

## Ministers and portfolio responsibilities

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

The Treasury portfolio comprises 15 entities in the general government sector.

The **Department of the Treasury** assists the Australian Government as the pre-eminent economic adviser. The Treasury serves the Australian people through the development, delivery and implementation of sound economic policy and advice. The result is better informed policies designed to create economic prosperity for the Australian people.

The **Australian Bureau of Statistics** is Australia's official statistical entity. It provides statistics on a wide range of economic, environmental, population and social matters, covering government, business and the community in general.

The **Australian Competition and Consumer Commission** is an independent statutory authority which administers the *Competition and Consumer Act 2010* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The **Australian Office of Financial Management** is responsible for the management of Australian Government debt and financial assets.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries.

The **Australian Securities and Investments Commission (ASIC)** is Australia's corporate, markets, financial services and credit regulator. It is responsible for consumer protection and market integrity. As part of its remit, ASIC also regulates investment management and superannuation, insurance, deposit taking, financial reporting, auditors and insolvency practitioners. ASIC promotes investor and consumer trust and confidence and fair and efficient markets and provides efficient registration services.

The **Australian Taxation Office** is the Australian Government's principal revenue collection agency and administers Australia's tax system and significant aspects of Australia's superannuation system. It administers legislation governing tax, superannuation and the Australian Business Register and supports the delivery of government benefits to the community.

The **Commonwealth Grants Commission** provides advice to the Australian Government on the equitable distribution of GST revenue to State and Territory governments.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers.

The **National Competition Council** is an independent advisory body for all Australian governments that advises and makes recommendations under the National Access Regime and recommendations and decisions in relation to natural gas pipelines.

The **National Housing Finance and Investment Corporation's** objective is to improve housing outcomes by operating an affordable housing bond aggregator to provide loans to registered community housing providers financed by the issue of bonds on the commercial market; and a National Housing Infrastructure Facility to provide loans, grants and investments to overcome impediments to the provision of housing that is due to the lack of necessary infrastructure.

The **Office of the Auditing and Assurance Standards Board's** objective is to develop, issue and maintain in the public interest, principle-based, independent auditing and assurance standards for all sectors of the Australian economy that meet user needs, contribute to the development of international auditing and assurance standards and assist in maintaining confidence in the Australian economy, including its capital markets.

The **Office of the Australian Accounting Standards Board's** role is to develop, issue and maintain principle-based independent financial reporting standards for all sectors of the Australian economy that meet user needs, contribute to the development of international accounting standards and assist in maintaining confidence in the Australian economy, including its capital markets.

The **Productivity Commission** is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

The **Royal Australian Mint** manufactures and sells circulating coins to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries.

The **Financial Advisers Standards and Ethics Authority Ltd** and the **National Housing Finance and Investment Corporation** do not appear in the Portfolio Budget Statements as they are not directly appropriated by government. The **Australian Reinsurance Pool Corporation** and the **Reserve Bank of Australia** do not appear in the Portfolio Budget Statements as they are not part of the general government sector.

For information on resourcing across the portfolio, refer to Part 1: Agency Financial Resourcing in *Budget Paper No. 4: Agency Resourcing*.

**Figure 1: Treasury portfolio structure and outcomes**



**Figure 1: Treasury portfolio structure and outcomes (continued)**

<p style="text-align: center;"><b>Commonwealth Grants Commission</b> Secretary: Mr Michael Willcock</p> <p>Outcome: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue</p>
<p style="text-align: center;"><b>Financial Adviser Standards and Ethics Authority Limited</b> Chief Executive Officer: Dr Deen Sanders OAM</p> <p>Outcome: Strengthen the professional and ethical standards of financial advisers through enhancing educational and training requirements and ethical standards to improve consumer outcomes</p>
<p style="text-align: center;"><b>Inspector-General of Taxation</b> Inspector-General: Mr Ali Noroozi</p> <p>Outcome: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities</p>
<p style="text-align: center;"><b>National Competition Council</b> President: Ms Julie-Anne Schafer</p> <p>Outcome: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure</p>
<p style="text-align: center;"><b>National Housing Finance and Investment Corporation</b> Chair: Appointment to be made following establishment of the entity</p> <p>Outcome: Improved housing outcomes for Australians, including through financial and other assistance to improve the efficiency and scale of the community housing sector, as well as for critical infrastructure that increases housing supply</p>
<p style="text-align: center;"><b>Office of the Auditing and Assurance Standards Board</b> Chair: Dr Roger Simnett</p> <p>Outcome: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements</p>
<p style="text-align: center;"><b>Office of the Australian Accounting Standards Board</b> Chair: Ms Kris Peach</p> <p>Outcome: The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</p>
<p style="text-align: center;"><b>Productivity Commission</b> Chairman: Mr Peter Harris</p> <p>Outcome: 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;"><b>Reserve Bank of Australia</b> Governor: Mr Philip Lowe</p> <p>Purpose: In its role as Australia's central bank, the Reserve Bank of Australia determines and implements monetary policy, fosters financial stability, undertakes a range of activities in financial markets, acts as a banker to the Australian Government, issues Australia's banknotes and has policy, supervisory and operational roles in the payments system</p>
<p style="text-align: center;"><b>Royal Australian Mint</b> Chief Executive Officer: Mr Ross MacDiarmid</p> <p>Outcome: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products</p>



# **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# DEPARTMENT OF THE TREASURY

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# DEPARTMENT OF THE TREASURY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Treasury strives to be the pre-eminent economic adviser to the Government. Treasury's purpose is to support and implement informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

The purpose is achieved by providing advice, analysis and forecasts which aim to support the effective management of the Australian economy by:

- promoting a sound macroeconomic environment;
- promoting effective Government spending arrangements that contribute to overall fiscal outcomes and influence strong sustainable economic growth;
- developing effective taxation and retirement income arrangements consistent with the Government's reform priorities;
- developing a well-functioning financial system that encourages consumer and investor confidence; and
- supporting effective and sustainable structural reform.

As highlighted in the 2017-18 Portfolio Additional Estimates Statements, the small business function was transferred to the Department of Jobs and Small Business as a result of changes to the Administrative Arrangements Orders (AAO) on 20 December 2017. The transfer of the function is reflected in these statements.

## **1.2 ENTITY RESOURCE STATEMENT**

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Department of the Treasury resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	54,743	55,397
Departmental appropriation (b)	192,044	185,851
s74 Retained revenue receipts (c)	12,423	12,423
Departmental capital budget (d)	8,246	8,404
Annual appropriations - other services - non-operating (e)		
Equity injection	4,750	-
Total departmental annual appropriations	272,206	262,075
<b>Total departmental resourcing</b>	<b>272,206</b>	<b>262,075</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)		
Outcome 1	27,073	55,941
Annual appropriations - other services - non-operating (e)		
Administered assets and liabilities	60,000	359,850
Total administered annual appropriations	87,073	415,791
Special appropriations		
Asian Development Bank (Additional Subscription) Act 2009	24,359	24,766
Asian Infrastructure Investment Bank Act 2015	193,120	193,120
Federal Financial Relations Act 2009	88,481,835	90,381,271
International Monetary Arrangements Act 2015	399,009	50,002
Public Governance, Performance and Accountability Act 2013	1,000	1,000
Total administered special appropriations	89,099,323	90,650,159
Special accounts (f)		
Appropriation receipts	46,539,278	46,663,290
Non-appropriation receipts (g)	1,065,359	3,589,538
Total special account receipts	47,604,637	50,252,828
<b>Total administered resourcing</b>	<b>136,791,033</b>	<b>141,318,778</b>
<b>Total resourcing for the Department of the Treasury</b>	<b>137,063,239</b>	<b>141,580,853</b>
	2017-18	2018-19
<b>Average staffing level (number)</b>	<b>849</b>	<b>846</b>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes departmental capital budget (DCB).

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No.2) 2018-19.

(f) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

(g) Amounts credited to the special account(s) from another entity's annual and special appropriations.

**Third party payments from and on behalf of other entities**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
Payments made on behalf of another entity (a)		
Department of Finance	640,117	3,384,722
Department of Infrastructure, Regional Development and Cities	71,002	71,002
Department of Social Services	354,240	133,814

(a) These payments relate to National Partnership payments to States and Territories.



### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Treasury are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Expense measures</b>					
250th Anniversary of James Cook's Voyage — commemoration					
Administered expenses	1.9	-	-	-	-
A firm stance on tax and superannuation debts					
Administered expenses	1.4	-	116,500	119,100	122,400
Agriculture Portfolio — efficiencies					
Administered expenses	1.9	(5,000)	-	-	-
Australian Agriculture and Export Growth Plan — National Forestry Industry Plan					
Administered expenses	1.9	-	-	1,750	1,750
Australian Agriculture and Export Growth Plan — Tasmania fruit fly outbreak response					
Administered expenses	1.9	20,000	-	-	-
Australian Financial Complaints Authority — additional funding					
Administered expenses	1.1	-	1,700	-	-
Australian Housing and Urban Research Institute — National Housing Research Program					
Administered expenses	1.1	-	1,789	1,825	1,861
Bilateral Asset Recycling Agreement with South Australia — termination					
Administered expenses	1.9	-	(36,600)	-	36,600
Black Economy Package — combatting illicit tobacco					
Administered expenses	1.4	-	1,000	5,500	12,000
Black Economy Package — further expansion of taxable payments reporting					
Administered expenses	1.4	-	-	40,000	55,000

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Black Economy Package — new and enhanced ATO enforcement against the Black Economy						
Administered expenses	1.4	-	106,600	191,400	241,900	273,100
Black Economy Taskforce — Implementation Team						
Departmental expenses	1.1	-	3,171	3,041	2,242	2,173
Disaster Relief						
Administered expenses	1.9	-	-	-	-	-
Enhancing Treasury's Ongoing Capability to Support Government						
Departmental expenses	1.1	-	-	14,001	14,049	-
Federal Interstate Registration Scheme Closure						
Administered expenses	1.9	-	(71,000)	(71,002)	(71,002)	(71,002)
Financial Technology Innovation						
Administered expenses	1.9	-	-	-	-	-
Funding to Boost Services in the Northern Territory						
Administered expenses	1.4	259,600	-	-	-	-
Hydrogen Energy Supply Chain project — pilot						
Administered expenses	1.9	-	-	-	-	-
Indirect Tax Concession Scheme — diplomatic and consular concessions						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Australian Capital Territory infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Major Project Business Case Fund						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — New South Wales infrastructure investments						
Administered expenses	1.9	-	-	-	-	-

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Infrastructure Investment Programme — Northern Territory infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Outback Way						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Queensland infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Roads of Strategic Importance						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — South Australian infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Tasmanian infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Urban Congestion Fund						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Victorian infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Infrastructure Investment Programme — Western Australian infrastructure investments and GST top-up payment						
Administered expenses	1.9	188,900	-	-	-	-
Infrastructure, Regional Development and Cities Portfolio — other priorities						
Administered expenses	1.9	-	-	-	-	(472,674)
Launceston City Deal — Tamar River						
Administered expenses	1.9	-	-	8,800	8,800	10,250

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Legislative Drafting — additional funding						
Departmental expenses	1.1	-	nfp	-	-	-
Levelling the playing field for online hotel bookings						
Administered expenses	1.4	-	-	5,000	5,000	5,000
Managing the Skilling Australians Fund — revised implementation arrangements						
Administered expenses	1.9	250,000	-	-	-	-
More Choices for a Longer Life — comprehensive income products in retirement						
Administered expenses	1.9	-	-	-	-	-
More Choices for a Longer Life — healthy ageing and high quality care						
Administered expenses	1.9	-	-	9,929	10,450	10,987
National Immunisation Program — new and amended listings						
Administered expenses	1.9	18	151	366	369	372
National Partnership Agreement on Universal Access to Early Childhood Education — extension						
Administered expenses	1.9	-	-	-	-	-
National School Chaplaincy Programme - continuation						
Administered expenses	1.9	-	61,435	61,435	61,435	61,435
Pathway to Permanent Residency for Retirement Visa Holders — establishment						
Administered expenses	1.4	-	(100)	(300)	(500)	(800)
Reforms to combat illegal phoenixing						
Administered expenses	1.4	-	-	5,000	15,000	20,000
Remote Indigenous Housing in the Northern Territory						
Administered expenses	1.9	-	110,000	110,000	110,000	110,000
Skilling Australians Fund Levy — refund and exemption provisions						
Administered expenses	1.9	-	(16,600)	(21,700)	(31,800)	(36,800)

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Snowy Hydro Limited						
Acquisition						
Administered expenses	1.4	-	-	(75,000)	(75,000)	(75,000)
Supporting Our Hospitals — National Health Agreement — public hospital funding						
Administered expenses	1.5/1.9	-	50,000	-	330,500	596,600
Visas for General Practitioners — targeting areas of doctor shortages						
Administered expenses	1.4	-	-	(1,000)	(2,000)	(2,000)
Western Sydney City Deal						
Administered expenses	1.9	-	10,000	10,000	10,000	-
<b>Total expense measures</b>						
Administered		713,518	334,875	399,353	806,163	665,518
Departmental		-	3,171	17,042	16,291	2,173
<b>Total</b>		<b>713,518</b>	<b>338,046</b>	<b>416,395</b>	<b>822,454</b>	<b>667,691</b>
<b>Capital measures</b>						
Enhancing Treasury's Ongoing Capability to Support Government						
Departmental capital	1.1	-	-	5,000	5,000	-
<b>Total capital measures</b>		<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

The Treasury has amended its outcome statement since the last portfolio statement.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the Treasury can be found at:  
<https://treasury.gov.au/publication/corporate-plan-2017-18>

The most recent annual performance statement can be found at:  
<https://treasury.gov.au/publication>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Department of the Treasury</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
National Housing Finance and Investment Corporation					
- Operating funding	-	13,973	18,839	18,727	-
- Grants funding	-	35,000	35,000	35,000	35,000
Other	20,194	7,061	1,825	1,861	-
Special appropriations					
PGPA Act 2013 - s77 repayments	1,000	1,000	1,000	1,000	1,000
Special accounts					
Medicare Guarantee Fund	34,774,894	35,267,191	36,253,504	35,942,907	37,273,929
Expenses not requiring appropriation in the Budget year (a)					
	434,001	-	-	-	-
<b>Administered total</b>	<b>35,230,089</b>	<b>35,324,225</b>	<b>36,310,168</b>	<b>35,999,495</b>	<b>37,309,929</b>
Departmental expenses					
Departmental appropriation	187,844	185,851	174,747	167,130	154,396
s74 Retained revenue receipts (b)	12,423	12,423	12,423	11,023	11,023
Expenses not requiring appropriation in the Budget year (c)					
	9,486	9,517	9,559	9,377	9,377
<b>Departmental total</b>	<b>209,753</b>	<b>207,791</b>	<b>196,729</b>	<b>187,530</b>	<b>174,796</b>
<b>Total expenses for program 1.1</b>	<b>35,439,842</b>	<b>35,532,016</b>	<b>36,506,897</b>	<b>36,187,025</b>	<b>37,484,725</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.2: Payments to International Financial Institutions</b>					
Administered expenses					
Special appropriations					
<i>International Monetary     Agreements Act 1947</i>	42,172	62,601	75,676	94,558	109,115
Expenses not requiring appropriation in the Budget year (d)	484,094	101,983	-	176,521	181,668
<b>Administered total</b>	<b>526,266</b>	<b>164,584</b>	<b>75,676</b>	<b>271,079</b>	<b>290,783</b>
<b>Total expenses for program 1.2</b>	<b>526,266</b>	<b>164,584</b>	<b>75,676</b>	<b>271,079</b>	<b>290,783</b>
<b>Program 1.3: Support for Markets and Business</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Housing Loans Insurance Company Limited - pre-transfer contract portfolio management	9	9	9	9	9
Global Infrastructure Hub	6,800	3,400	-	-	-
Standards Australia Blockchain Initiative	70	70	60	-	-
<b>Administered total</b>	<b>6,879</b>	<b>3,479</b>	<b>69</b>	<b>9</b>	<b>9</b>
<b>Total expenses for program 1.3</b>	<b>6,879</b>	<b>3,479</b>	<b>69</b>	<b>9</b>	<b>9</b>
<b>Program 1.4: General Revenue Assistance</b>					
Administered expenses					
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial     Relations Act 2009</i>	63,440,000	67,320,000	69,790,000	73,510,000	77,270,000
Special accounts					
COAG Reform Fund					
ACT municipal services	39,562	40,116	40,677	41,287	41,907
Compensation for reduced royalties	28,938	32,971	35,240	33,364	28,887
Royalties	648,926	728,392	670,695	602,391	554,069
Snowy Hydro Limited tax compensation	75,000	75,000	-	-	-
Commonwealth Assistance to the Northern Territory	259,600	-	-	-	-
<b>Administered total</b>	<b>64,492,026</b>	<b>68,196,479</b>	<b>70,536,612</b>	<b>74,187,042</b>	<b>77,894,863</b>
<b>Total expenses for program 1.4</b>	<b>64,492,026</b>	<b>68,196,479</b>	<b>70,536,612</b>	<b>74,187,042</b>	<b>77,894,863</b>



**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.5: Assistance to the States for Healthcare Services</b>					
Administered expenses					
Special appropriations					
National Health Reform funding - <i>Federal Financial     Relations Act 2009</i>	20,690,025	21,189,153	22,301,415	23,468,020	24,691,794
<b>Administered total</b>	<b>20,690,025</b>	<b>21,189,153</b>	<b>22,301,415</b>	<b>23,468,020</b>	<b>24,691,794</b>
<b>Total expenses for program 1.5</b>	<b>20,690,025</b>	<b>21,189,153</b>	<b>22,301,415</b>	<b>23,468,020</b>	<b>24,691,794</b>
<b>Program 1.6: Assistance to the States for Skills and Workforce Development</b>					
Administered expenses					
Special appropriations					
National Disability Services SPP - <i>Federal Financial     Relations Act 2009</i>	1,495,490	1,516,875	1,538,794	1,562,799	1,586,946
<b>Administered total</b>	<b>1,495,490</b>	<b>1,516,875</b>	<b>1,538,794</b>	<b>1,562,799</b>	<b>1,586,946</b>
<b>Total expenses for program 1.6</b>	<b>1,495,490</b>	<b>1,516,875</b>	<b>1,538,794</b>	<b>1,562,799</b>	<b>1,586,946</b>
<b>Program 1.7: Assistance to the States for Disability Services</b>					
Administered expenses					
Special appropriations					
National Disability Services SPP - <i>Federal Financial     Relations Act 2009 (e)</i>	1,521,771	954,443	173,346	-	-
<b>Administered total</b>	<b>1,521,771</b>	<b>954,443</b>	<b>173,346</b>	<b>-</b>	<b>-</b>
<b>Total expenses for program 1.7</b>	<b>1,521,771</b>	<b>954,443</b>	<b>173,346</b>	<b>-</b>	<b>-</b>
<b>Program 1.8: Assistance to the States for Affordable Housing</b>					
Administered expenses					
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial     Relations Act 2009 (f)</i>	1,360,042	-	-	-	-
Special accounts					
COAG Reform Fund National Housing and Homelessness (f)	-	1,535,843	1,564,907	1,596,043	1,562,472
<b>Administered total</b>	<b>1,360,042</b>	<b>1,535,843</b>	<b>1,564,907</b>	<b>1,596,043</b>	<b>1,562,472</b>
<b>Total expenses for program 1.8</b>	<b>1,360,042</b>	<b>1,535,843</b>	<b>1,564,907</b>	<b>1,596,043</b>	<b>1,562,472</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.9: National Partnership Payments to the States</b>					
Administered expenses					
Special accounts					
COAG Reform Fund (g)	11,365,009	12,189,724	8,221,572	6,538,320	5,930,015
<b>Administered total</b>	<b>11,365,009</b>	<b>12,189,724</b>	<b>8,221,572</b>	<b>6,538,320</b>	<b>5,930,015</b>
<b>Total expenses for program 1.9</b>	<b>11,365,009</b>	<b>12,189,724</b>	<b>8,221,572</b>	<b>6,538,320</b>	<b>5,930,015</b>
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
	27,073	59,513	55,733	55,597	35,009
Special appropriations	88,550,500	91,044,072	93,880,231	98,636,377	103,658,855
Special accounts	47,191,929	49,869,237	46,786,595	44,754,312	45,391,279
Expenses not requiring appropriation in the Budget year (a) (d)					
	918,095	101,983	-	176,521	181,668
<b>Administered total</b>	<b>136,687,597</b>	<b>141,074,805</b>	<b>140,722,559</b>	<b>143,622,807</b>	<b>149,266,811</b>
Departmental expenses					
Departmental appropriation					
	187,844	185,851	174,747	167,130	154,396
s74 Retained revenue receipts (b)					
	12,423	12,423	12,423	11,023	11,023
Expenses not requiring appropriation in the Budget year (c)					
	9,486	9,517	9,559	9,377	9,377
<b>Departmental total</b>	<b>209,753</b>	<b>207,791</b>	<b>196,729</b>	<b>187,530</b>	<b>174,796</b>
<b>Total expenses for Outcome 1</b>	<b>136,897,350</b>	<b>141,282,596</b>	<b>140,919,288</b>	<b>143,810,337</b>	<b>149,441,607</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Movement of administered funds between years</b>					
Outcome 1:					
Program 1.9 National Partnership Payments to the States	(142,427)	(687,583)	(429,184)	142,716	433,016
<b>Total movement of administered funds</b>	<b>(142,427)</b>	<b>(687,583)</b>	<b>(429,184)</b>	<b>142,716</b>	<b>433,016</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	849	846

- (a) Expenses not requiring appropriation in the budget year relate to the revaluation of grant provisions.
- (b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
- (c) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, and audit fees.
- (d) Expenses not requiring appropriation in the Budget year relate to foreign exchange losses.
- (e) A zero entitlement to National Disability SPP funding indicates that the NDIS has been fully rolled out.
- (f) From 2018-19, funding from the National Affordable Housing SPP and the National Partnership on Homelessness will be combined under the National Housing and Homelessness Agreement.
- (g) Table 2.2 provides details of specific payments linked to programs administered by other portfolios.
- Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Program 1.9 expenses**

Agency PBS Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Special accounts					
COAG Reform Fund					
<b>Agriculture and Water Resources portfolio</b>					
Assistance for pest animal and weed management in drought-affected areas	4,000	2,000	-	-	-
Established Pest and Weed Management	1,646	5,040	-	-	-
Great Artesian Basin Sustainability Initiative	421	-	-	-	-
Implementing Water Reform in the Murray-Darling Basin	20,000	20,000	20,000	-	-
Mechanical Fuel Load Reduction trial	-	500	-	-	-
National Forestry Industry Plan	-	-	-	1,750	1,750
Pest and disease preparedness and response programs	49,392	28,442	26,532	27,396	29,771
South Australian River Murray Sustainability Program	13,000	8,500	-	-	-
- Irrigation efficiency and water purchase	25,000	10,000	-	-	-
- Irrigation industry assistance	379,917	412,113	75,256	30,866	-
Sustainable Rural Water Use and Infrastructure Program	493,376	486,595	121,788	60,012	31,521
<b>Total</b>					
<b>Attorney-General's portfolio</b>					
Family advocacy and support services	6,978	6,978	-	-	-
Legal assistance services	261,514	265,880	270,012	-	-
<b>Total</b>	268,492	272,858	270,012	-	-
<b>Communications and the Arts portfolio</b>					
Online safety programmes in schools	3,750	-	-	-	-
Wifi and mobile coverage on trains	2,000	8,000	2,000	-	-
<b>Total</b>	5,750	8,000	2,000	-	-

Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Defence portfolio</b>					
School Pathways Program	1,200	1,200	1,200	-	-
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>-</b>	<b>-</b>
<b>Education and Training portfolio</b>					
National School Chaplaincy Program	60,587	61,435	61,435	61,435	61,435
Universal Access to Early Childhood Education	425,844	431,543	308,085	-	-
National Occasional Care Programme	1,536	-	-	-	-
National Quality Agenda for Early Childhood Education	20,330	-	-	-	-
Skilling Australians Fund	300,000	293,400	293,400	338,300	298,200
<b>Total</b>	<b>808,297</b>	<b>786,378</b>	<b>662,920</b>	<b>399,735</b>	<b>359,635</b>
<b>Environment and Energy portfolio</b>					
Management of the World Heritage Values of the Tasmanian Wilderness	1,663	-	-	-	-
World Heritage Sites	-	9,482	9,482	9,482	9,482
250th Anniversary of James Cook's Voyage	25,000	-	-	-	-
<b>Total</b>	<b>26,663</b>	<b>9,482</b>	<b>9,482</b>	<b>9,482</b>	<b>9,482</b>
<b>Finance portfolio</b>					
Provision of Fire Services	21,059	21,796	22,559	23,348	24,167
<b>Total</b>	<b>21,059</b>	<b>21,796</b>	<b>22,559</b>	<b>23,348</b>	<b>24,167</b>
<b>Foreign Affairs and Trade portfolio</b>					
Developing demand - driver infrastructure for tourism industry	18,996	-	-	-	-
<b>Total</b>	<b>18,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 2.2: Program 1.9 expenses (continued)**

	Agency Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Health portfolio</b>						
Additional assistance for public hospitals	2.7	-	4,000	6,700	8,900	12,000
Addressing blood borne viruses and sexually transmissible infections in the Torres Strait	5.2	2,240	1,120	1,120	-	-
Adult Public Dental Services	4.6	107,750	134,750	-	-	-
Albury-Wodonga Cardiac Catheterisation Laboratory	1.3	500	1,000	-	-	-
Comprehensive palliative care across the life course	2.4	-	-	9,929	10,450	10,987
Electronic recording and reporting of controlled drugs	4.3	3,992	-	-	-	-
Encourage more clinical trials in Australia	1.1	2,500	1,500	1,500	1,500	-
Essential vaccines	5.3	53,274	17,294	16,554	16,693	16,606
Expansion of the BreastScreen Australia program	2.4	14,722	14,929	15,152	15,364	-
Health Infrastructure						
- National cancer system	1.3	4,480	2,100	-	-	-
- Regional priority round	1.3	70,608	31,880	12,240	-	-
Health Innovation Fund	2.7	-	50,000	-	50,000	-
South Sydney Rabbitohs' Centre of Excellence	3.1	4,000	6,000	-	-	-
Hepatitis C settlement fund	1.1	157	159	161	162	164
Home and Community Care	6.2	202,792	-	-	-	-
Hummingbird House	2.4	800	800	800	-	-

**Table 2.2: Program 1.9 expenses (continued)**

	Agency PBS Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Health portfolio (continued)</b>						
Improving Health Services in Tasmania						
- Improving patient pathways through clinical and system redesign	2.7	550	-	-	-	-
- Subacute and acute projects	2.7	10,000	5,000	-	-	-
Improving trachoma control services for Indigenous Australians	2.2	5,123	5,132	5,224	5,307	-
National Bowel Cancer Screening Program - participant follow-up function	2.4	6,352	7,989	8,911	9,121	9,048
National Coronial Information System	2.4	400	400	400	-	-
Northern Territory remote Aboriginal investment - Health OzFoodNet	2.2	6,171	6,448	6,739	7,042	7,359
Proton beam facility	5.2	1,769	1,795	1,824	-	-
Rheumatic fever strategy	1.3	68,000	-	-	-	-
Royal Darwin Hospital - equipped, prepared and ready	2.2	3,129	3,176	3,224	3,272	-
Suicide Prevention	5.2	16,023	16,311	-	-	-
Torres Strait health protection strategy - mosquito control	2.1	3,000	3,000	3,000	-	-
Torres Strait / Papua New Guinea cross border health issues	5.2	1,001	1,016	1,032	-	-
Vaccine-preventable diseases surveillance	5.2	9,361	4,778	4,854	-	-
Victorian Cytology Service	5.2	849	862	876	-	-
Western Australia Hospitals Infrastructure Package	2.4	10,168	10,310	10,465	10,611	-
<b>Total</b>	1.3	188,900	-	-	-	-
		798,611	331,749	110,705	138,422	56,164

**Table 2.2: Program 1.9 expenses (continued)**

Agency PBS Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Home Affairs portfolio</b>					
National Fire Danger Rating System	500	200	-	-	-
Natural Disaster Relief and Recovery Arrangements	108,870	17,456	9,502	109	-
Natural disaster resilience	48,154	15,138	-	-	-
Schools Security Programme	-	11,428	5,714	-	-
<b>Total</b>	<b>157,524</b>	<b>44,222</b>	<b>15,216</b>	<b>109</b>	<b>-</b>
<b>Infrastructure, Regional Development and Cities portfolio</b>					
Infrastructure Growth Package – Asset Recycling Fund					
- New investments	411,201	81,298	64,980	3,572	-
- Western Sydney Infrastructure Plan	328,092	386,878	479,288	243,690	206,000
Infrastructure Investment Programme					
- Black spot projects	100,000	85,000	70,000	60,000	60,000
- Bridges renewal programme	46,500	85,000	96,343	80,000	83,500
- Heavy vehicle safety and productivity	46,402	60,000	70,000	45,000	62,160
- Investment - Rail	269,443	742,731	825,569	638,548	188,650
- Investment - Road	3,666,606	3,694,566	2,979,519	2,962,693	2,762,592
Interstate road transport	82,002	-	-	-	-
Launceston City Deal – Tamar River	-	-	8,800	8,800	10,250
Major Projects Business Case Fund - Rail	-	5,000	10,000	-	-
Major Projects Business Case Fund - Road	-	5,000	5,000	25,000	25,000
Murray-Darling Basin - Regional Economic Diversification	5,066	17,640	-	-	-
National Rail P program	513,300	81,400	150,700	238,200	408,400
Northern Australia - Improving cattle supply chains	5,602	64,442	29,956	-	-
Northern Australia Roads Projects	86,450	231,720	198,460	71,370	-
North Queensland Stadium	50,000	35,000	5,000	-	-



**Table 2.2: Program 1.9 expenses (continued)**

Agency PBS Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Infrastructure, Regional Development and Cities portfolio</b>					
<b>(continued)</b>					
Roads of Strategic Importance	-	25,000	105,000	170,000	230,000
Urban Congestion Fund	-	-	50,000	50,000	100,000
Water Infrastructure Development Fund					
- Feasibility studies	16,008	15,704	-	-	-
- Capital component	26,500	90,100	103,400	80,000	80,000
Western Sydney City Deal	-	18,500	22,000	24,500	10,000
<b>Total</b>	<b>5,653,172</b>	<b>5,724,979</b>	<b>5,274,015</b>	<b>4,701,373</b>	<b>4,226,552</b>
<b>Jobs and Innovation portfolio</b>					
Environmental management of the former Rum Jungle mine site	6,076	3,972	-	-	-
Hydrogen Energy Supply Chain Pilot Project	10,000	10,000	17,500	12,500	-
<b>Total</b>	<b>16,076</b>	<b>13,972</b>	<b>17,500</b>	<b>12,500</b>	<b>-</b>
<b>Prime Minister and Cabinet portfolio</b>					
Northern Territory remote Aboriginal investment					
- Children and schooling	37,743	30,922	32,540	26,622	25,641
- Community safety	63,007	53,670	44,382	34,699	35,979
- Remote Australia strategies	50,903	3,539	3,539	3,662	3,734
Remote Indigenous Housing	526,613	110,000	110,000	110,000	110,000
<b>Total</b>	<b>678,266</b>	<b>198,131</b>	<b>190,461</b>	<b>174,983</b>	<b>175,354</b>

**Table 2.2: Program 1.9 expenses (continued)**

Agency Program	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Social Services portfolio</b>					
Homelessness	117,221	-	-	-	-
Pay equity for the social and community services sector	347,667	128,738	33,310	-	-
Payments from the DisabilityCare Australia Fund	640,117	3,384,722	1,379,036	1,003,004	1,043,928
Social Impact Investments	-	-	531	531	531
Specialist disability services	324,863	167,801	28,216	-	-
Transition to NDIS in WA	84,625	-	-	-	-
Social Impact Investments - Markets	-	-	531	531	531
Womens Safety Package - technology trials	1,960	1,287	850	-	-
<b>Total</b>	<b>1,516,453</b>	<b>3,682,548</b>	<b>1,442,474</b>	<b>1,004,066</b>	<b>1,044,990</b>
<b>Treasury portfolio</b>					
Asset Recycling - Energy Infrastructure	-	-	-	-	-
Financial assistance to NSW Government for NSW Police	80	2,910	4,630	5,080	2,150
First Home Owners Boost	119	-	-	-	-
Implementation of the National Insurance Affordability Initiative	-	4,980	-	-	-
Infrastructure Growth Package – Asset Recycling Initiative	898,154	369,600	-	-	-
Moneysmart Teaching	1,310	1,310	1,310	1,310	-
National Regulatory System for Community Housing	611	514	-	-	-
North Queensland Strata Title Inspection Scheme	800	3,500	5,300	2,900	-
Regulatory reform	-	225,000	70,000	5,000	-
<b>Total</b>	<b>901,074</b>	<b>607,814</b>	<b>81,240</b>	<b>14,290</b>	<b>2,150</b>
<b>Total program expenses</b>	<b>11,365,009</b>	<b>12,189,724</b>	<b>8,221,572</b>	<b>6,538,320</b>	<b>5,930,015</b>

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1:</b> Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.</p>		
<p><b>Program 1.1 – Department of the Treasury</b> The objective of this program is to support Ministers to effectively manage the Australian economy by:</p> <ul style="list-style-type: none"> <li>• promoting a sound macroeconomic environment;</li> <li>• promoting effective Government spending arrangements that contribute to overall fiscal outcomes and influence strong sustainable economic growth;</li> <li>• developing effective taxation and retirement income arrangements consistent with the Government's reform priorities;</li> <li>• developing a well-functioning financial system that encourages consumer and investor confidence; and</li> <li>• supporting effective and sustainable structural reform.</li> </ul>		
<p><b>Delivery</b></p>	<p>The Treasury provides economic forecasts, analysis and authoritative advice to Ministers relating to the economy, budget and fiscal strategy, financial systems, markets and productivity, foreign investment, structural reform, taxation, superannuation and retirement income, social, and international economic policy. The Treasury also works with State and Territory governments on key policy areas.</p>	
<p><b>Performance information</b></p>		
<p><b>Year</b></p>	<p><b>Performance criteria (a)</b></p>	<p><b>Targets</b></p>
<p>2017-18</p>	<p>Provide policy advice to the Government</p>	<ul style="list-style-type: none"> <li>• Advice is provided on a broad range of economic, fiscal, structural reform, financial systems and foreign investment, revenue and tax issues.</li> <li>• Advice is influential and positively contributes to the achievement of the Government's economic agenda.</li> <li>• Advice has a whole of Government perspective and demonstrates understanding of stakeholder issues.</li> <li>• Advice is underpinned by accurate and risk aware economic modelling and forecasts.</li> </ul>
	<p>Coordinate the preparation of the Australian Government Budget</p>	<p>The Treasury complies with the requirements of the <i>Charter of Budget Honesty Act 1998</i>.</p>

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria (a)</b>	<b>Targets</b>
2017-18 (continued)	Coordination of the Treasury's legislative program	<ul style="list-style-type: none"> <li>• All Bills, regulations and supporting documents are produced in accordance with regulatory requirements.</li> <li>• The legislation program is delivered in accordance with Government expectations, including timeframes.</li> </ul>
	Support and implementation of Government reviews, initiatives, reforms and inquiries	The Treasury is responsive and enables the Government to deliver on current priorities and the economic reform agenda.
2018-19 and beyond	As per 2017-18	As per 2017-18
<b>Purposes (b)</b>	Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.	

(a) The number of performance criteria listed in Table 2.3 has been reduced from previous years. The Treasury's performance criteria will be set out in full in the Treasury 2018-19 Corporate Plan and reported in the 2018-19 Annual Performance Statement.

(b) Refers to updated purpose that will be reflected in the 2018-19 Corporate Plan.

<b>Program 1.2 – Payments to International Financial Institutions</b>		
The objective of this program is to make payments to international financial institutions on behalf of Government to:		
<ul style="list-style-type: none"> <li>• promote international monetary cooperation;</li> <li>• promote stability of the international financial system and orderly exchange arrangements;</li> <li>• foster economic growth and high levels of employment;</li> <li>• provide temporary financial assistance to countries to help ease balance of payments adjustments;</li> <li>• facilitate the achievement of Government objectives in international forums, including support for development objectives and improved infrastructure in the Asian region; and</li> <li>• support multilateral debt relief.</li> </ul>		
<b>Delivery</b>	The Treasury makes payments to the International Monetary Fund (IMF), under the <i>International Monetary Agreements Act 1947</i> . Payments are also made to multilateral development banks to which Australia is a member, specifically the World Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development and the Asian Infrastructure Investment Bank.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria (a)</b>	<b>Targets</b>
2017-18	Payment to international financial institutions	IMF payments are made in accordance with the <i>International Monetary Agreements Act 1947</i> .
2018-19 and beyond	As per 2017-18	As per 2017-18
<b>Purposes (b)</b>	Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.	

- (a) The number of performance criteria listed in Table 2.3 has been reduced from previous years. The Treasury's performance criteria will be set out in full in the Treasury 2018-19 Corporate Plan and reported in the 2018-19 Annual Performance Statement.
- (b) Refers to updated purpose that will be reflected in the 2018-19 Corporate Plan.

<b>Program 1.3 – Support for Markets and Business</b>		
The objective of this program is to make payments on behalf of the Australian Government to support markets and business.		
<b>Delivery</b>	The Treasury makes payments to support the operation of the Global Infrastructure Hub (the Hub).	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria (a)</b>	<b>Targets</b>
2017-18	Payments to the Hub	Payments to the Hub are made in accordance with the <i>Commonwealth Grant Agreement between the Commonwealth represented by The Department of the Treasury (the Treasury) and Global Infrastructure Hub Ltd.</i>
2018-19 (b)	As per 2017-18	As per 2017-18
<b>Purposes (c)</b>	Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.	

- (a) The number of performance criteria listed in Table 2.3 has been reduced from previous years. The Treasury's performance criteria will be set out in full in the Treasury 2018-19 Corporate Plan and reported in the 2018-19 Annual Performance Statement.
- (b) The current agreement is due to end in December 2018.
- (c) Refers to updated purpose that will be reflected in the 2018-19 Corporate Plan.

**Program 1.4 to 1.9 – Financial Support to States and Territories**

The objectives of programs 1.4 to 1.9 are to make payments which provide financial support to the States and Territories on a wide range of activities under the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR) and other relevant agreements between the Commonwealth and the States and Territories. Since these programs have common performance criteria, they have been presented together below.

**Program 1.4 — General Revenue Assistance.** The Treasury, on behalf of the Government, will make general revenue assistance payments to the States and Territories.

**Program 1.5 — Assistance to the States for Healthcare Services.** The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of healthcare services. This contributes to the linked programs by making payment on behalf of the Department of Health.

**Program 1.6 — Assistance to the States for Skills and Workforce Development.** The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of skills and workforce development services. This contributes to the linked programs by making payment on behalf of the Department of Education and Training.

**Program 1.7 — Assistance to the States for Disability Services.** The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of disability services. This contributes to the linked programs by making payment on behalf of the Department of Social Services.

**Program 1.8 — Assistance to the States for Affordable Housing.** The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of affordable housing services.

**Program 1.9 — National Partnership Payments to the States.** The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent on improving outcomes in the areas specified in each of the National Partnership agreements. These payments support the delivery of specified outputs or projects, facilitate reforms or reward jurisdictions that deliver on nationally significant reforms. This program is linked to programs administered by a number of other portfolios, as noted in Table 2.2, which provides further details of specific payments. This contributes to the linked programs by making payment on behalf of the following:

- Attorney-General's Department
- Australian Communications and Media Authority
- Australian Trade and Investment Commission
- Department of Agriculture and Water Resources
- Department of Communication and the Arts
- Department of Defence
- Department of Education and Training
- Department of Finance
- Department of Health
- Department of Home Affairs
- Department of Industry, Innovation and Science
- Department of Infrastructure and Regional Development and Cities
- Department of Prime Ministers and Cabinet; and
- Department of Social Services.

<b>Delivery</b>	The Treasury delivers payments to the States and Territories.
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**Performance information**

Year	Performance criteria (a)	Targets
2017-18	Payments to States and Territories	Payments made and reporting provided in accordance with the IGAFFR and other relevant agreements between the Commonwealth and the States and Territories. Agreements can be viewed at <a href="http://www.federalfinancialrelations.gov.au">www.federalfinancialrelations.gov.au</a>

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria (a)</b>	<b>Targets</b>
2018-19 and beyond	As per 2017-18	As per 2017-18
<b>Purposes (b)</b>	Supporting and implementing informed decisions on policies for the good of the Australian people, including for achieving strong, sustainable economic growth, through the provision of advice to Treasury Ministers and the efficient administration of Treasury's functions.	

- (a) The number of performance criteria listed in Table 2.3 has been reduced from previous years. The Treasury's performance criteria will be set out in full in the Treasury 2018-19 Corporate Plan and reported in the 2018-19 Annual Performance Statement.
- (b) Refers to updated purpose that will be reflected in the 2018-19 Corporate Plan.



## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The entity resource statement is prepared on a cash basis and provides a view of cash/appropriations resources available to the Treasury whilst the financial statements are prepared on an accrual basis.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The Treasury is budgeting for a break-even operating result, after non-appropriated expenses such as depreciation are removed, in 2018-19 and over the forward estimates.

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

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	135,831	138,315	138,887	139,612	127,216
Suppliers	66,611	62,134	50,458	40,716	40,378
Grants	1,958	1,958	1,958	1,958	1,958
Depreciation and amortisation	5,353	5,384	5,426	5,244	5,244
<b>Total expenses</b>	<b>209,753</b>	<b>207,791</b>	<b>196,729</b>	<b>187,530</b>	<b>174,796</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	11,651	11,651	11,651	10,251	10,251
Other	772	772	772	772	772
<b>Total own-source revenue</b>	<b>12,423</b>	<b>12,423</b>	<b>12,423</b>	<b>11,023</b>	<b>11,023</b>
<b>Gains</b>					
Other	4,133	4,133	4,133	4,133	4,133
<b>Total gains</b>	<b>4,133</b>	<b>4,133</b>	<b>4,133</b>	<b>4,133</b>	<b>4,133</b>
<b>Total own-source income</b>	<b>16,556</b>	<b>16,556</b>	<b>16,556</b>	<b>15,156</b>	<b>15,156</b>
<b>Net (cost of)/contribution by services</b>	<b>(193,197)</b>	<b>(191,235)</b>	<b>(180,173)</b>	<b>(172,374)</b>	<b>(159,640)</b>
Revenue from Government	187,844	185,851	174,747	167,130	154,396
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(5,353)</b>	<b>(5,384)</b>	<b>(5,426)</b>	<b>(5,244)</b>	<b>(5,244)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	5,353	5,384	5,426	5,244	5,244
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(5,353)</b>	<b>(5,384)</b>	<b>(5,426)</b>	<b>(5,244)</b>	<b>(5,244)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,250	1,250	1,250	1,250	1,250
Trade and other receivables	55,320	54,206	54,645	54,497	54,497
<b>Total financial assets</b>	<b>56,570</b>	<b>55,456</b>	<b>55,895</b>	<b>55,747</b>	<b>55,747</b>
<b>Non-financial assets</b>					
Land and buildings	16,122	16,062	17,794	20,029	20,525
Property, plant and equipment	14,090	15,673	17,413	17,729	17,390
Intangibles	11,244	12,741	14,065	16,528	16,415
Other non-financial assets	5,631	5,631	5,631	5,631	5,631
<b>Total non-financial assets</b>	<b>47,087</b>	<b>50,107</b>	<b>54,903</b>	<b>59,917</b>	<b>59,961</b>
<b>Total assets</b>	<b>103,657</b>	<b>105,563</b>	<b>110,798</b>	<b>115,664</b>	<b>115,708</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	9,911	9,911	9,911	9,911	9,911
Other payables	3,104	3,579	6,627	10,104	10,104
<b>Total payables</b>	<b>13,015</b>	<b>13,490</b>	<b>16,538</b>	<b>20,015</b>	<b>20,015</b>
<b>Provisions</b>					
Employee provisions	45,101	43,512	40,903	37,278	37,278
Other provisions	3,440	3,440	3,440	3,440	3,440
<b>Total provisions</b>	<b>48,541</b>	<b>46,952</b>	<b>44,343</b>	<b>40,718</b>	<b>40,718</b>
<b>Total liabilities</b>	<b>61,556</b>	<b>60,442</b>	<b>60,881</b>	<b>60,733</b>	<b>60,733</b>
<b>Net assets</b>	<b>42,101</b>	<b>45,121</b>	<b>49,917</b>	<b>54,931</b>	<b>54,975</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	77,132	85,536	95,758	106,016	111,304
Reserves	12,416	12,416	12,416	12,416	12,416
Retained surplus (accumulated deficit)	(47,447)	(52,831)	(58,257)	(63,501)	(68,745)
<b>Total equity</b>	<b>42,101</b>	<b>45,121</b>	<b>49,917</b>	<b>54,931</b>	<b>54,975</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(47,447)	12,416	77,132	42,101
<b>Adjusted opening balance</b>	<b>(47,447)</b>	<b>12,416</b>	<b>77,132</b>	<b>42,101</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(5,384)	-	-	(5,384)
<b>Total comprehensive income</b>	<b>(5,384)</b>	<b>-</b>	<b>-</b>	<b>(5,384)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	8,404	8,404
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>8,404</b>	<b>8,404</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(52,831)</b>	<b>12,416</b>	<b>85,536</b>	<b>45,121</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(52,831)</b>	<b>12,416</b>	<b>85,536</b>	<b>45,121</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	189,043	186,965	174,308	167,278	154,396
Sale of goods and rendering of services	11,651	11,651	11,651	10,251	10,251
Other	772	772	772	772	772
<b>Total cash received</b>	<b>201,466</b>	<b>199,388</b>	<b>186,731</b>	<b>178,301</b>	<b>165,419</b>
<b>Cash used</b>					
Employees	136,960	139,429	138,448	139,760	127,216
Suppliers	62,548	58,001	46,325	36,583	36,245
Other	1,958	1,958	1,958	1,958	1,958
<b>Total cash used</b>	<b>201,466</b>	<b>199,388</b>	<b>186,731</b>	<b>178,301</b>	<b>165,419</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	12,996	8,404	10,222	10,258	5,288
<b>Total cash used</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<b>Net cash from/(used by) investing activities</b>	<b>(12,996)</b>	<b>(8,404)</b>	<b>(10,222)</b>	<b>(10,258)</b>	<b>(5,288)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	12,996	8,404	10,222	10,258	5,288
<b>Total cash received</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<b>Net cash from/(used by) financing activities</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	1,250	1,250	1,250	1,250	1,250
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	8,246	8,404	10,222	10,258	5,288
Equity injections - Bill 2	4,750	-	-	-	-
<b>Total new capital appropriations</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	12,996	8,404	10,222	10,258	5,288
<b>Total items</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	4,750	-	-	-	-
Funded by capital appropriation - DCB (b)	8,246	8,404	10,222	10,258	5,288
<b>TOTAL</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	12,996	8,404	10,222	10,258	5,288
<b>Total cash used to acquire assets</b>	<b>12,996</b>	<b>8,404</b>	<b>10,222</b>	<b>10,258</b>	<b>5,288</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Include purchases from current year's Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>				
Gross book value	17,510	15,614	32,463	65,587
Accumulated depreciation/ amortisation and impairment	(1,388)	(1,524)	(21,219)	(24,131)
<b>Opening net book balance</b>	<b>16,122</b>	<b>14,090</b>	<b>11,244</b>	<b>41,456</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	1,440	3,356	3,608	8,404
<b>Total additions</b>	<b>1,440</b>	<b>3,356</b>	<b>3,608</b>	<b>8,404</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(1,500)	(1,773)	(2,111)	(5,384)
<b>Total other movements</b>	<b>(1,500)</b>	<b>(1,773)</b>	<b>(2,111)</b>	<b>(5,384)</b>
<b>As at 30 June 2019</b>				
Gross book value	18,950	18,970	36,071	73,991
Accumulated depreciation/ amortisation and impairment	(2,888)	(3,297)	(23,330)	(29,515)
<b>Closing net book balance</b>	<b>16,062</b>	<b>15,673</b>	<b>12,741</b>	<b>44,476</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	101,366,922	105,638,381	104,392,310	107,407,812	111,701,088
Payments to the Medicare Guarantee Fund	34,774,894	35,267,191	36,253,504	35,942,907	37,273,929
Interest	42,172	66,171	75,676	94,558	109,117
Suppliers	19,515	1,079	1,069	1,009	1,009
Foreign exchange	484,094	101,983	-	176,521	181,668
<b>Total expenses administered on behalf of Government</b>	<b>136,687,597</b>	<b>141,074,805</b>	<b>140,722,559</b>	<b>143,622,807</b>	<b>149,266,811</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Sale of goods and rendering of services	638,418	605,740	533,571	499,487	499,909
Interest	10,749	17,384	18,313	18,745	15,267
Dividends	442,500	761,000	1,082,000	1,371,000	1,667,000
COAG revenue from government entities	1,076,359	3,518,538	1,418,172	1,003,004	1,043,926
Other revenue	93,700	95,200	95,630	95,756	95,433
<b>Total non-taxation revenue</b>	<b>2,261,726</b>	<b>4,997,862</b>	<b>3,147,686</b>	<b>2,987,992</b>	<b>3,321,535</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>2,261,726</b>	<b>4,997,862</b>	<b>3,147,686</b>	<b>2,987,992</b>	<b>3,321,535</b>
<b>Gains</b>					
Foreign exchange	148,344	232,435	-	435,389	448,505
<b>Total gains administered on behalf of Government</b>	<b>148,344</b>	<b>232,435</b>	<b>-</b>	<b>435,389</b>	<b>448,505</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>2,410,070</b>	<b>5,230,297</b>	<b>3,147,686</b>	<b>3,423,381</b>	<b>3,770,040</b>



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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Net cost of/(contribution by) services</b>	<b>134,277,527</b>	<b>135,844,508</b>	<b>137,574,873</b>	<b>140,199,426</b>	<b>145,496,771</b>
<b>Surplus/(deficit)</b>	<b>(134,277,527)</b>	<b>(135,844,508)</b>	<b>(137,574,873)</b>	<b>(140,199,426)</b>	<b>(145,496,771)</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Advances and loans	541,303	782,015	827,048	755,773	733,722
Receivables	632,750	782,258	1,100,580	1,387,223	1,682,379
Investments	35,546,657	36,013,813	36,248,388	36,730,520	37,225,837
<b>Total financial assets</b>	<b>36,720,710</b>	<b>37,578,086</b>	<b>38,176,016</b>	<b>38,873,516</b>	<b>39,641,938</b>
<b>Non-financial assets</b>					
Other non-financial assets	381	381	381	381	381
<b>Total non-financial assets</b>	<b>381</b>	<b>381</b>	<b>381</b>	<b>381</b>	<b>381</b>
<b>Total assets administered on behalf of Government</b>	<b>36,721,091</b>	<b>37,578,467</b>	<b>38,176,397</b>	<b>38,873,897</b>	<b>39,642,319</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Grants	888,783	504,992	59,456	51,653	45,618
Other payables	21,880	17,768	17,673	18,075	18,539
<b>Total payables</b>	<b>910,663</b>	<b>522,760</b>	<b>77,129</b>	<b>69,728</b>	<b>64,157</b>
<b>Interest bearing liabilities</b>					
Loans	10,017,387	9,992,767	9,967,301	9,969,044	9,970,856
Other	5,642,700	5,744,683	5,744,683	5,921,204	6,102,872
<b>Total interest bearing liabilities</b>	<b>15,660,087</b>	<b>15,737,450</b>	<b>15,711,984</b>	<b>15,890,248</b>	<b>16,073,728</b>
<b>Total liabilities administered on behalf of Government</b>	<b>16,570,750</b>	<b>16,260,210</b>	<b>15,789,113</b>	<b>15,959,976</b>	<b>16,137,885</b>
<b>Net assets/(liabilities)</b>	<b>20,150,341</b>	<b>21,318,257</b>	<b>22,387,284</b>	<b>22,913,921</b>	<b>23,504,434</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and rendering of services	7,737	6,744	2,919	2,660	982
Interest	9,034	17,270	18,238	18,443	15,624
Dividends	1,123,500	605,000	761,000	1,082,000	1,371,000
COAG receipts from government entities	19,247,869	3,518,537	1,418,170	1,003,002	1,043,926
Other	93,700	94,400	94,800	94,900	94,900
<b>Total cash received</b>	<b>20,481,840</b>	<b>4,241,951</b>	<b>2,295,127</b>	<b>2,201,005</b>	<b>2,526,432</b>
<b>Cash used</b>					
Grant payments	119,491,448	105,422,970	104,307,044	106,918,713	111,208,123
Payments to the Medicare Guarantee Fund	34,774,894	35,267,191	36,253,504	35,942,907	37,273,929
Interest paid	38,617	60,322	73,125	91,744	107,824
Other	19,515	1,079	1,069	1,009	1,009
<b>Total cash used</b>	<b>154,324,474</b>	<b>140,751,562</b>	<b>140,634,742</b>	<b>142,954,373</b>	<b>148,590,885</b>
<b>Net cash from/ (used by) operating activities</b>	<b>(133,842,634)</b>	<b>(136,509,611)</b>	<b>(138,339,615)</b>	<b>(140,753,368)</b>	<b>(146,064,453)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Advances and loans	259,965	71,379	75,756	192,305	142,169
<b>Total cash received</b>	<b>259,965</b>	<b>71,379</b>	<b>75,756</b>	<b>192,305</b>	<b>142,169</b>
<b>Cash used</b>					
Purchase of investments	218,493	214,340	215,040	-	-
Advances and loans	60,000	359,850	165,000	165,000	165,000
<b>Total cash used</b>	<b>278,493</b>	<b>574,190</b>	<b>380,040</b>	<b>165,000</b>	<b>165,000</b>
<b>Net cash from/ (used by) investing activities</b>	<b>(18,528)</b>	<b>(502,811)</b>	<b>(304,284)</b>	<b>27,305</b>	<b>(22,831)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Funding for the National Housing Finance and Investment Corporation	-	315,000	165,000	165,000	165,000
<b>Total cash received</b>	<b>-</b>	<b>315,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>
<b>Net cash from/ (used by) financing activities</b>	<b>-</b>	<b>315,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(133,861,162)</b>	<b>(136,697,422)</b>	<b>(138,478,899)</b>	<b>(140,561,063)</b>	<b>(145,922,284)</b>

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	136,420,455	141,081,751	140,920,784	143,025,375	148,661,887
Cash to Official Public Account for:					
- Appropriations	(2,559,293)	(4,384,329)	(2,441,885)	(2,464,312)	(2,739,603)
<b>Cash and cash equivalents at end of reporting period</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.10: Administered capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered Assets and Liabilities - Bill 2	60,000	359,850	165,000	165,000	165,000
<b>Total new capital appropriations</b>	<b>60,000</b>	<b>359,850</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>
<i>Provided for:</i>					
<i>James Hardie asbestos compensation fund - loan to NSW Government</i>	60,000	44,850	-	-	-
<i>Funding for the National Housing Finance and Investment Corporation</i>	-	315,000	165,000	165,000	165,000
<b>Total items</b>	<b>60,000</b>	<b>359,850</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>

Prepared on Australian Accounting Standards basis.



# AUSTRALIAN BUREAU OF STATISTICS

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# AUSTRALIAN BUREAU OF STATISTICS

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The ABS is the central statistical authority for the Australian Government and serves as the national statistical agency, delivering services for state and territory governments. The ABS provides trusted independent impartial official statistics on the economy, society, population and the environment. The ABS works in partnership with providers of information and official bodies to collect, compile, analyse, integrate and distribute data and statistics. ABS has a central role in developing statistical standards, including through liaison with international organisations. The ABS is a trusted advisor on statistical matters to government, industry, and the wider Australian community.

The ABS's purpose is to inform Australia's important decisions by partnering and innovating to deliver relevant, trusted, objective data, statistics and insights. Our highest priorities are:

- the continued delivery of high quality official statistics on important matters;
- transforming the ABS for the future; and
- delivering new statistical solutions to maximise the value of public data.

To ensure it is best placed to deliver trusted world-class statistics and enable more effective yet continued safe and secure use of this national data resource, the ABS is fundamentally transforming across all aspects of the organisation. This includes improving key partnerships, making better use of its internal expertise, building public trust, strengthening relationships with providers of data, reshaping workforce capability and delivering re-engineered data collection and management capabilities. The Australian Government investment of \$257 million over five years, from 2015 to 2020, to modernise ABS infrastructure has provided the foundation for the ABS to transform for the future. Key objectives of this modernisation are to become more efficient, reduce risks to the quality of statistical outputs, reduce red tape, improve the time to market and to be able to take advantage of opportunities to grow the business. The ABS is progressing its important transformation while also managing key risks around the quality and relevance of our core statistics.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Bureau of Statistics resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	76,674	79,728
Departmental appropriation (b)	408,436	329,229
s74 Retained revenue receipts (c)	42,518	47,674
Departmental capital budget (d)	19,928	19,821
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available	18,460	-
Equity injection (f)	23,298	19,869
Total departmental annual appropriations	<b>589,314</b>	<b>496,321</b>
<b>Total departmental resourcing</b>	<b>589,314</b>	<b>496,321</b>
<b>Total resourcing for Australian Bureau of Statistics</b>	<b>589,314</b>	<b>496,321</b>
	2017-18	2018-19
<b>Average staffing level (number)</b>	2,556	2,387

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No. 1) 2018-19.
- (b) Excludes departmental capital budget (DCB). 2017-18 includes \$80.5 million received through Advance to the Finance Minister (AFM). 2018-19 includes supplementation of \$5.3 million for revenue recognised in 2017-18 but not appropriated in that year.
- (c) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'. 2018-19 includes supplementation of \$6.4m for departmental capital budgets recognised in 2017-18 but not appropriated in that year.
- (e) Appropriation Bill (No. 2) 2018-19.
- (f) 2018-19 includes supplementation of \$6.4m for departmental capital budgets recognised in 2017-18 but not appropriated in that year.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Bureau of Statistics are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Entity 2018-19 Budget measures**  
**Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Expense measures</b>					
Delivering Australia's Digital Future - data sharing and release arrangements (a)					
Departmental expenses	1.1	-	629	629	633
Enhancing Economic Statistics					
Departmental expenses	1.1	-	-	-	-
Improving Housing Related Data					
Departmental expenses	1.1	-	1,341	1,173	1,162
Statistical Business Transformation Program					
Departmental expenses	1.1	-	-	-	-
<b>Total expense measures</b>		-	<b>1,970</b>	<b>1,802</b>	<b>1,795</b>
<b>Capital measures</b>					
Enhancing Economic Statistics					
Departmental capital	1.1	-	-	-	-
Statistical Business Transformation Program					
Departmental capital	1.1	-	-	-	-
<b>Total capital measures</b>		-	-	-	-
<b>Total</b>		-	<b>1,970</b>	<b>1,802</b>	<b>1,787</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Delivering Australia's Digital Future - data sharing and release arrangements' is the Department of the Prime Minister and Cabinet. The full measure description and package details appear in Budget Paper No. 2 under the Prime Minister and Cabinet portfolio.

#### Part 2: Other measures not previously reported in a portfolio statement

Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Measures</b>				
Australian Marriage Law Postal Survey				
Departmental expenses	1.1	80,500	-	-
Treasury Portfolio - efficiencies (a)				
Departmental expenses	1.1	(1,001)	(966)	(1,015)
<b>Total measures</b>				
Departmental		79,499	(966)	(1,015)
<b>Total</b>		<b>79,499</b>	<b>(966)</b>	<b>(1,015)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in MYEFO under the Treasury portfolio.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for ABS can be found at:  
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/1005.0>

The most recent annual performance statement can be found in the latest Annual Report at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1001.0>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Decisions on important matters made by governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.

### Linked programs

Many programs rely on ABS statistics to inform decision making. Many ABS statistics rely on quality state, territory and commonwealth administrative data.

#### Australian Tax Office (ATO)

##### Programs

- Program 1.3 – Australian Business Register

##### Contribution to Outcome 1 made by linked programs

Program 1.3 – Australian Business Register provides essential infrastructure to the ABS operations of most ABS business surveys.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Bureau of Statistics</b>					
Departmental expenses					
Departmental appropriation	413,753	323,912	334,567	300,025	489,087
s74 Retained revenue receipts (a)	42,518	47,674	38,608	38,619	38,629
Expenses not requiring appropriation in the Budget year (b)	61,862	43,295	40,806	37,821	25,075
<b>Departmental total</b>	<b>518,133</b>	<b>414,881</b>	<b>413,981</b>	<b>376,465</b>	<b>552,791</b>
<b>Total expenses for program 1.1</b>	<b>518,133</b>	<b>414,881</b>	<b>413,981</b>	<b>376,465</b>	<b>552,791</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	2,556	2,387			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, resources received free of charge and an approved operating loss.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1 – Decisions on important matters made by governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.</b></p>		
<p><b>Program 1.1 – Australian Bureau of Statistics</b>                  This program contributes to the outcome through delivery of high quality statistical information to inform Australia’s most important issues and through engaging with users within government, business and the community to ensure they have the confidence in the statistical resources available to enable them to make informed decisions.</p>		
<p><b>Delivery</b></p>	<p>In 2018-19 and onwards, the ABS will:</p> <ol style="list-style-type: none"> <li>1. provide high quality statistics, across key economic, population, social and environment subject matter areas that meet the needs of key users in government, business and the community</li> <li>2. transform the ABS for the future by transforming ABS business systems and processes to improve their efficiency and the accessibility of information, and expand the range of statistical solutions available to users</li> <li>3. deliver new statistical solutions to maximise the value of public data through increasing safe access to ABS microdata holdings and unlocking the potential of data sources by integrating data to create new datasets for statistical, policy and research purposes</li> </ol>	
<p><b>Performance information</b></p>		
<p><b>Year</b></p>	<p><b>Performance criteria (a)</b></p>	<p><b>Targets</b></p>
<p>2017-18</p>	<p>Decision making by governments, business and the community is informed by high quality statistics.</p>	<p>ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard (b); except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances. Forecast: On track.</p>

Performance information		
Year	Performance criteria (a)	Targets
2018-19	Decision making by governments, business and the community is informed by high quality statistics.	<p>ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard (b); except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances.</p> <p>The Transformation Program is effectively implemented, to deliver contemporary systems that will better meet ABS's future needs.</p> <p>The ABS creates new statistical solutions in collaboration with stakeholders to maximise the use of ABS' data assets.</p>
2019-20 and beyond	As per 2018-19	Same as 2018-19
<b>Purposes</b>	The purpose that contributes to Program 1.1 – Australian Bureau of Statistics is: to inform Australia's important decisions by partnering and innovating to deliver relevant, trusted, objective data, statistics and insights.	
<b>Material changes to Program 1.1 resulting from the following measures:</b>		
There are no budget measures that materially impact on the Program 1.1 – Australian Bureau of Statistics.		

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

(b) The Special Data Dissemination Standard (SDDS) is produced and managed by the International Monetary Fund (IMF). The IMF monitors and reports on how well countries comply with SDDS requirements for the range of statistics produced and the coverage, frequency, and timeliness of the statistics that are produced. The statistics required by the SDDS include national accounts, labour force, unemployment, consumer price inflation and estimates of resident population. The latest information on Australia's compliance with the SDDS is available on the IMF website: <http://dsbb.imf.org/Pages/SDDS/SOOCtyCtgList.aspx?ctycode=AUS>.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

The entity resource statement is prepared on a cash basis and provides a view of cash/appropriations resources available to the ABS whilst the financial statements are prepared on an accrual basis.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The ABS is budgeting for an approved operating loss in 2017-18 before returning to a budgeted break even result in 2018-19.



### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	299,713	281,307	284,516	249,707	418,974
Suppliers	174,178	89,899	88,279	88,557	108,362
Depreciation and amortisation (a)	43,742	43,175	40,686	37,701	24,955
Other expenses	500	500	500	500	500
<b>Total expenses</b>	<b>518,133</b>	<b>414,881</b>	<b>413,981</b>	<b>376,465</b>	<b>552,791</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	37,563	45,661	38,000	38,000	38,000
Other	4,855	1,913	508	519	529
<b>Total own-source revenue</b>	<b>42,418</b>	<b>47,574</b>	<b>38,508</b>	<b>38,519</b>	<b>38,529</b>
<b>Gains</b>					
Sale of assets	100	100	100	100	100
Other	120	120	120	120	120
<b>Total gains</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>
<b>Total own-source income</b>	<b>42,638</b>	<b>47,794</b>	<b>38,728</b>	<b>38,739</b>	<b>38,749</b>
<b>Net (cost of)/contribution by services</b>	<b>(475,495)</b>	<b>(367,087)</b>	<b>(375,253)</b>	<b>(337,726)</b>	<b>(514,042)</b>
Revenue from Government	413,753	323,912	334,567	300,025	489,087
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(61,742)</b>	<b>(43,175)</b>	<b>(40,686)</b>	<b>(37,701)</b>	<b>(24,955)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>(61,742)</b>	<b>(43,175)</b>	<b>(40,686)</b>	<b>(37,701)</b>	<b>(24,955)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(61,742)</b>	<b>(43,175)</b>	<b>(40,686)</b>	<b>(37,701)</b>	<b>(24,955)</b>

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(18,000)</b>	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	43,742	43,175	40,686	37,701	24,955
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(61,742)</b>	<b>(43,175)</b>	<b>(40,686)</b>	<b>(37,701)</b>	<b>(24,955)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,764	3,762	3,762	3,762	3,762
Trade and other receivables	87,642	87,650	87,657	86,309	83,382
<b>Total financial assets</b>	<b>91,406</b>	<b>91,412</b>	<b>91,419</b>	<b>90,071</b>	<b>87,144</b>
<b>Non-financial assets</b>					
Property, plant and equipment	51,878	40,012	29,612	33,542	34,947
Intangibles	105,676	107,689	106,852	98,404	97,548
Other non-financial assets	11,465	11,465	11,465	11,465	11,465
<b>Total non-financial assets</b>	<b>169,019</b>	<b>159,166</b>	<b>147,929</b>	<b>143,411</b>	<b>143,960</b>
<b>Total assets</b>	<b>260,425</b>	<b>250,578</b>	<b>239,348</b>	<b>233,482</b>	<b>231,104</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	22,103	21,103	18,653	18,505	17,012
Employees	8,286	4,210	6,610	6,426	7,271
Other payables	50,621	50,621	50,621	50,506	50,277
<b>Total payables</b>	<b>81,010</b>	<b>75,934</b>	<b>75,884</b>	<b>75,437</b>	<b>74,560</b>
<b>Provisions</b>					
Employee provisions	86,766	91,842	91,892	90,985	89,179
Other provisions	345	351	358	364	120
<b>Total provisions</b>	<b>87,111</b>	<b>92,193</b>	<b>92,250</b>	<b>91,349</b>	<b>89,299</b>
<b>Total liabilities</b>	<b>168,121</b>	<b>168,127</b>	<b>168,134</b>	<b>166,786</b>	<b>163,859</b>
<b>Net assets</b>	<b>92,304</b>	<b>82,451</b>	<b>71,214</b>	<b>66,696</b>	<b>67,245</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	321,441	354,763	384,212	417,395	442,899
Reserves	23,980	23,980	23,980	23,980	23,980
Retained surplus (accumulated deficit)	(253,117)	(296,292)	(336,978)	(374,679)	(399,634)
<b>Total parent entity interest</b>	<b>92,304</b>	<b>82,451</b>	<b>71,214</b>	<b>66,696</b>	<b>67,245</b>
<b>Total equity</b>	<b>92,304</b>	<b>82,451</b>	<b>71,214</b>	<b>66,696</b>	<b>67,245</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(253,117)	23,980	321,441	92,304
<b>Adjusted opening balance</b>	<b>(253,117)</b>	<b>23,980</b>	<b>321,441</b>	<b>92,304</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(43,175)	-	-	(43,175)
<b>Total comprehensive income</b>	<b>(43,175)</b>	<b>-</b>	<b>-</b>	<b>(43,175)</b>
<b>Contributions by owners</b>				
Equity injection - Appropriation	-	-	13,501	13,501
Departmental Capital Budget (DCB)	-	-	19,821	19,821
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>33,322</b>	<b>33,322</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(296,292)</b>	<b>23,980</b>	<b>354,763</b>	<b>82,451</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(296,292)</b>	<b>23,980</b>	<b>354,763</b>	<b>82,451</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	429,159	323,904	334,560	301,373	492,014
Sale of goods and rendering of services	37,563	45,661	38,000	38,000	38,000
Other	4,855	1,913	508	519	529
<b>Total cash received</b>	<b>471,577</b>	<b>371,478</b>	<b>373,068</b>	<b>339,892</b>	<b>530,543</b>
<b>Cash used</b>					
Employees	290,380	280,307	282,066	250,798	419,935
Suppliers	159,307	90,779	90,609	88,700	109,964
Other	500	500	500	500	500
<b>Total cash used</b>	<b>450,187</b>	<b>371,586</b>	<b>373,175</b>	<b>339,998</b>	<b>530,399</b>
<b>Net cash from/(used by) operating activities</b>	<b>21,390</b>	<b>(108)</b>	<b>(107)</b>	<b>(106)</b>	<b>144</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
<b>Total cash received</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	71,083	33,316	29,442	33,177	25,748
<b>Total cash used</b>	<b>71,083</b>	<b>33,316</b>	<b>29,442</b>	<b>33,177</b>	<b>25,748</b>
<b>Net cash from/(used by) investing activities</b>	<b>(70,983)</b>	<b>(33,216)</b>	<b>(29,342)</b>	<b>(33,077)</b>	<b>(25,648)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	49,594	33,322	29,449	33,183	25,504
<b>Total cash received</b>	<b>49,594</b>	<b>33,322</b>	<b>29,449</b>	<b>33,183</b>	<b>25,504</b>
<b>Net cash from/(used by) financing activities</b>	<b>49,594</b>	<b>33,322</b>	<b>29,449</b>	<b>33,183</b>	<b>25,504</b>
<b>Net increase/(decrease) in cash held</b>	<b>1</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	3,763	3,764	3,762	3,762	3,762
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,764</b>	<b>3,762</b>	<b>3,762</b>	<b>3,762</b>	<b>3,762</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	19,928	19,821	20,667	20,315	20,292
Equity injections - Bill 2	29,666	13,501	8,782	12,868	5,212
<b>Total new capital appropriations</b>	<b>49,594</b>	<b>33,322</b>	<b>29,449</b>	<b>33,183</b>	<b>25,504</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>49,594</i>	<i>33,322</i>	<i>29,449</i>	<i>33,183</i>	<i>25,504</i>
<b>Total items</b>	<b>49,594</b>	<b>33,322</b>	<b>29,449</b>	<b>33,183</b>	<b>25,504</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	48,126	13,501	8,782	12,868	5,212
Funded by capital appropriations - DCB (b)	22,709	19,821	20,667	20,315	20,292
<b>TOTAL</b>	<b>70,835</b>	<b>33,322</b>	<b>29,449</b>	<b>33,183</b>	<b>25,504</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	94,851	257,211	352,062
Accumulated depreciation/amortisation and impairment	(42,973)	(151,535)	(194,508)
<b>Opening net book balance</b>	<b>51,878</b>	<b>105,676</b>	<b>157,554</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation equity (a)	1,232	12,269	13,501
By purchase - appropriation ordinary annual services (b)	7,670	12,151	19,821
<b>Total additions</b>	<b>8,902</b>	<b>24,420</b>	<b>33,322</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(20,768)	(22,407)	(43,175)
<b>Total other movements</b>	<b>(20,768)</b>	<b>(22,407)</b>	<b>(43,175)</b>
<b>As at 30 June 2019</b>			
Gross book value	103,753	281,631	385,384
Accumulated depreciation/amortisation and impairment	(63,741)	(173,942)	(237,683)
<b>Closing net book balance</b>	<b>40,012</b>	<b>107,689</b>	<b>147,701</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.





# AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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# AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (CCA) and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

The Australian Energy Regulator (AER) regulates energy markets and networks under national legislation and rules. The AER has an independent Board.

The ACCC and AER share staff, resources and facilities.

The roles of the ACCC and AER should be seen in the context of the thinking that underpins National Competition Policy – that competition provides the best incentive for businesses to become more efficient, innovative and flexible and to operate in the long term interests of consumers. Together the ACCC and AER champion strong, efficient and effective markets.

The ACCC is selective in the matters it investigates and the sectors in which it engages in education and market analysis. The ACCC's role is to focus on those circumstances that will, or have the potential to harm the competitive process or result in widespread consumer detriment. The ACCC therefore exercises discretion to direct resources to matters that provide the greatest overall benefit for competition and consumers. Each year the ACCC reviews its compliance and enforcement priorities. These priorities are set out in the ACCC Compliance and Enforcement Policy. This year's areas of focus include:

- consumer issues in new car retailing, including responses by retailers and manufacturers to consumer guarantee claims, and other matters identified in the ACCC's 2017 New Car Retailing Industry Report;
- consumer issues in the provision of broadband services, including addressing misleading speed claims and statements made during the transition to the NBN;
- systemic issues involving large or national traders avoiding or misrepresenting consumer guarantee rights;
- competition issues in the financial services sector;

- competition and consumer issues in the provision of energy as an essential service, including matters identified in the ACCC's retail electricity pricing inquiry and the ACCC's wholesale gas inquiry;
- competition and consumer issues concerning the use of digital platforms, algorithms and consumer data, with a focus on emerging markets and matters identified by the ACCC's digital platforms inquiry;
- ensuring small business receives the protections of industry codes and the unfair contract terms law, with a focus on Franchising Code of Conduct issues involving large or national franchisors;
- conduct that may contravene the new misuse of market power provisions and concerted practice provisions of the CCA;
- competition and consumer issues in the agriculture sector, with a focus on the dairy inquiry, Horticultural Code of Conduct enforcement, and analysis of the viticulture industry; and
- competition issues in the commercial construction sector.

There are some forms of conduct that are so detrimental to consumer welfare and the competitive process that the ACCC will always regard them as a priority. These enduring priorities include:

- cartel conduct causing detriment in Australia;
- anti-competitive agreements and practices, and the misuse of market power;
- product safety issues which have the potential to cause serious harm to consumers;
- conduct impacting Indigenous Australians; and
- conduct impacting vulnerable and disadvantaged consumers.

While the ACCC prioritises matters that fall within the current priority areas, it will always retain capacity to pursue other matters that meet its priority factors. These priority factors are outlined in the ACCC Compliance and Enforcement Policy. The ACCC will also continue important residual work in areas previously identified as priority areas.

The ACCC's product safety priorities for 2018 include:

- the compulsory recall of vehicles with Takata airbags;
- improving the safety of quad bikes;

- the Infinity electrical cables recall;
- reducing the risk for children from button batteries, baby walkers and toppling furniture;
- improving the safety of products supplied over the internet;
- checking whether businesses are complying with compulsory safety standards and bans including for toys, bunk beds, prams and strollers, decorative burners and corded blinds; and
- working towards the introduction of a General Safety Provision in the Australian Consumer Law.

The ACCC will continue to assess and review mergers via the informal clearance process to prevent structural changes that substantially lessen competition, with a particular focus on concentrated markets and proposed acquisitions arising through privatisation of public sector assets.

The ACCC will continue to assess and make decisions about applications for authorisation and notification of certain anti-competitive conduct. Additionally, the ACCC has resumed the role of first instance decision maker for merger authorisation applications. In doing so the ACCC will evaluate whether the proposed merger, arrangements or conduct may result in a net public benefit or, where relevant, may be unlikely to substantially lessen competition, and therefore warrant exemption from the CCA.

The ACCC determines prices and access terms and conditions for some nationally significant monopoly infrastructure services, and monitors and enforces compliance with industry-specific laws for industries including communications, bulk water, postal services and rail (energy sector regulation is undertaken by the AER).

The ACCC also monitors other markets (such as major airports, container stevedoring, wheat ports and fuel) where there is limited competition or high consumer concern to provide information about the operation of the relevant market.

Fostering efficient infrastructure provision through industry-specific regulation and access conditions – under the umbrella of the long term interest of consumers – is the major focus of the economic regulatory role. Access conditions that promote competition in upstream and downstream markets can increase the efficiency and productivity of the overall economy. The ACCC's economic regulation priorities for 2018-19 include:

- undertaking access, pricing and regulatory coverage assessments across key infrastructure sectors;

- promoting competition and efficiency in sectors undergoing major reform and/or transitioning to new market structures, including communications and water markets;
- enforcing and promoting compliance with industry-specific compliance regimes in telecommunications and water; and
- advocating for appropriate regulation of monopoly infrastructure, including in areas where there are efficiency concerns independent of competition concerns.

In 2018-19 the ACCC will also continue to focus on markets where additional measures and analysis are required to deliver efficient and competitive outcomes. This includes undertaking a number of prices inquiries, industry analysis and reporting activities covering a broad range of sectors, including digital platforms, gas, financial services, private health insurance, and residential insurance in Northern Australia. The ACCC will also focus on its proposed new role in relation to the new Consumer Data Right, which will allow customers to access and transfer data between service providers, thereby enhancing competition and consumer choice.

The AER works to make all Australian energy consumers better off, now and in the future. This purpose drives the agency's diverse work program, informed by both the technological, behavioural and systemic changes taking place in the energy sector and the requirements of the energy market laws and rules. The energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security' guides the AER's priorities and work program.

For 2018-19, the AER's focus will include:

- Contributing our expertise and insight to inform energy policy development processes and working in partnership with the Council of Australian Governments Energy Council, Energy Security Board and other market institutions to advance energy market reforms.
- Delivering network regulation to promote efficient investment in energy network services that customers value, including through:
  - setting the revenues of electricity networks and covered gas pipelines in all jurisdictions except Western Australia
  - continuing to develop the regulatory framework so that it is fit for purpose, able to meet future challenges and works in the interests of consumers by:
    - o working alongside the Australian Energy Markets Commission to review the economic regulatory framework for electricity networks so it is robust, flexible and continues to support the efficient operation of the energy market

- exploring ways to improve engagement, and identify opportunities for regulatory innovation as part of the 'New Reg' project: Towards consumer-centric energy network regulation
- finalising the Rate of Return guideline under an expanded consultation process to better enable stakeholders to understand issues and contribute views
- undertaking a review of the approach to estimating tax for energy networks to address differences in the tax allowances set by the AER and tax payments made to the ATO by networks
- continuing to implement reforms in network pricing to improve greater consumer choice and more efficient network investment, and compliance with ring-fencing arrangements that support competition in new energy services
- Building consumer confidence in retail energy markets by:
  - redeveloping our price comparator website, Energy Made Easy, to make it easier for consumers to compare options and make informed choices
  - working alongside the ACCC to address issues identified in the retail electricity pricing inquiry report and with retailers to deliver the commitments agreed with the Government to improve how the market works for customers
  - actively promoting industry compliance with regulatory obligations—focusing on retailers' requirements to provide hardship assistance and simple, easy-to-understand pricing information—as well as taking appropriate enforcement action
  - continuing to evolve the regulatory regime to accommodate innovative products and services while maintaining appropriate consumer protections
  - providing clear and useful information about energy business performance, customer rights and protections
- Promoting efficient wholesale energy markets by:
  - contributing to the development of the National Energy Guarantee which aims to integrate energy and climate change policy to deliver a lower emissions, reliable power system with enough electricity available when needed, at the lowest possible price
  - publishing our first biennial report on the effectiveness of competition in the National Electricity Market, including reporting on any features that may be detrimental to efficiency or competition, by December 2018
  - contribute to the development of gas market reforms including improvements to information on the Bulletin Board, new capacity trading and day ahead auction arrangements

- investigating, monitoring and reporting on activity in wholesale gas and electricity markets, including major incidents, high price events
- promoting compliance with the gas and electricity market rules and taking enforcement action where necessary.

The ACCC and AER work directly and indirectly to achieve a shared outcome, outlined in section 2.1 below. Both will use strategic communication and undertake an active program of managed partnerships with other organisations to deliver outcomes that impact favourably on competition and consumer welfare.



## **1.2 ENTITY RESOURCE STATEMENT**

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	19,258	32,677
Departmental appropriation (c)	197,951	209,983
s74 Retained revenue receipts (d)	3,488	4,308
Departmental capital budget (e)	1,968	2,534
Annual appropriations - other services - non-operating (f)		
Prior year appropriations available (b)	9,578	11,100
Equity injection	11,100	1,100
Total departmental annual appropriations	243,343	261,702
<b>Total departmental resourcing</b>	<b>243,343</b>	<b>261,702</b>
<b>Administered</b>		
Special appropriations (g)	20	20
Total administered special appropriations	20	20
<b>Total administered resourcing</b>	<b>20</b>	<b>20</b>
<b>Total resourcing for the ACCC</b>	<b>243,363</b>	<b>261,722</b>
	2017-18	2018-19
<b>Average staffing level (number)</b>	868	909
<b>Third party payments from and on behalf of the National Competition Council (NCC)</b>		
	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
Payments made on behalf of the NCC (as disclosed in the NCC's resource statement)	1,992	1,990
Receipts received from the NCC for the provision of services (disclosed above in s74 Retained revenue receipts section above)	850	850

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2018-19.

(b) Excludes departmental capital budget (DCB).

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No. 2) 2018-19.

(f) Excludes \$11.6m subject to administrative quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(g) Relates to repayments not provided for under other appropriations through section 77 of the PGPA Act.

(h) The above Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

### 1.3 BUDGET MEASURES

Budget measures in Table 1.2 relating to the Australian Competition and Consumer Commission are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Expense measures</b>						
Commercial Construction Unit - extension						
Departmental expenses	1.1	-	-	2,004	-	-
<b>Total</b>		-	-	<b>2,004</b>	-	-
Compulsory Recall of Vehicles with Takata Airbags						
Departmental expenses	1.1	-	3,732	2,504	2,367	-
<b>Total</b>		-	<b>3,732</b>	<b>2,504</b>	<b>2,367</b>	-
National Consumer Data Right						
Departmental expenses	1.1	-	4,618	5,142	4,920	4,953
<b>Total</b>		-	<b>4,618</b>	<b>5,142</b>	<b>4,920</b>	<b>4,953</b>
<b>Total expense measures</b>						
Departmental		-	8,350	9,650	7,287	4,953
<b>Total</b>		-	<b>8,350</b>	<b>9,650</b>	<b>7,287</b>	<b>4,953</b>
<b>Capital measures</b>						
National Consumer Data Right						
Departmental capital	1.1	-	577	-	-	-
<b>Total</b>		-	<b>577</b>	-	-	-
<b>Total capital measures</b>						
Departmental		-	577	-	-	-
<b>Total</b>		-	<b>577</b>	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the Australian Competition and Consumer Commission can be found at: [www.accc.gov.au/publications/corporate-plan-priorities](http://www.accc.gov.au/publications/corporate-plan-priorities)

The most recent annual performance statement can be found in the Annual Report at: [www.accc.gov.au/annualreports](http://www.accc.gov.au/annualreports)

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

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

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Competition and Consumer Commission</b>					
Departmental expenses					
Departmental appropriation	150,269	152,660	144,370	139,234	134,845
s74 Retained revenue receipts (a)	3,953	3,953	3,153	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	4,772	4,766	4,813	4,764	4,762
<b>Departmental total</b>	<b>158,994</b>	<b>161,379</b>	<b>152,336</b>	<b>146,251</b>	<b>141,860</b>
<b>Total expenses for program 1.1</b>	<b>158,994</b>	<b>161,379</b>	<b>152,336</b>	<b>146,251</b>	<b>141,860</b>
<b>Program 1.2: Australian Energy Regulator</b>					
Departmental expenses					
Departmental appropriation	47,682	57,323	54,750	52,336	52,780
<b>Departmental total</b>	<b>47,682</b>	<b>57,323</b>	<b>54,750</b>	<b>52,336</b>	<b>52,780</b>
<b>Total expenses for program 1.2</b>	<b>47,682</b>	<b>57,323</b>	<b>54,750</b>	<b>52,336</b>	<b>52,780</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Outcome 1 Totals by appropriation type</b>					
Departmental expenses					
Departmental appropriation	197,951	209,983	199,120	191,570	187,625
s74 Retained revenue receipts (a)	3,953	3,953	3,153	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	4,772	4,766	4,813	4,764	4,762
<b>Departmental total</b>	<b>206,676</b>	<b>218,702</b>	<b>207,086</b>	<b>198,587</b>	<b>194,640</b>
<b>Total expenses for Outcome 1</b>	<b>206,676</b>	<b>218,702</b>	<b>207,086</b>	<b>198,587</b>	<b>194,640</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	<b>868</b>	<b>909</b>

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.</b>	
<b>Program 1.1 – Australian Competition and Consumer Commission</b>	
To achieve compliance with the <i>Competition and Consumer Act 2010</i> and other legislation to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians.	
<b>Delivery</b>	<p>The ACCC achieves Outcome 1 by:</p> <ol style="list-style-type: none"> <li>1. Maintaining and promoting competition through: <ul style="list-style-type: none"> <li>• delivering outcomes to address harm to consumers and businesses resulting from anti-competitive conduct focusing in particular on the ACCC’s identified priorities;</li> <li>• assessing mergers to prevent structural changes that substantially lessen competition; and</li> <li>• making decisions on authorisation, notification and certification trademark applications in the public interest.</li> </ul> </li> <li>2. Protecting the interests and safety of consumers, and supporting fair trading in markets affecting consumers and small business through: <ul style="list-style-type: none"> <li>• delivering outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law focusing in particular on the ACCC’s identified priorities;</li> <li>• enhancing the effectiveness of the ACCC’s compliance and enforcement initiatives through partnerships;</li> <li>• identifying and addressing the risk of serious injury and death from safety hazards in consumer products;</li> <li>• supporting a vibrant small business sector; and</li> <li>• empowering consumers by increasing their awareness of their rights under the Australian Consumer Law.</li> </ul> </li> <li>3. Promoting the economically efficient operation of, use of, and investment in infrastructure; and identifying market failure through: <ul style="list-style-type: none"> <li>• delivering network regulation that promotes competition in the long-term interests of end-users;</li> <li>• providing industry monitoring reports to Government in relation to highly concentrated, newly deregulated or emerging markets; and</li> <li>• improving the efficient operation of markets by enforcing industry-specific competition and market rules.</li> </ul> </li> <li>4. Undertaking market studies and inquiries to support competition, consumer and regulatory outcomes.</li> </ol>

<b>Performance information</b>		
<b>Performance criteria</b>	<b>Forecast result against 2017-18 target</b>	<b>2018-19 and forward year targets</b>
Number of competition enforcement interventions (court proceeding commenced, section 87B undertakings accepted)	Expect to achieve target of 8	6
Percentage of merger matters considered (under the informal merger review process) that were finalised by pre-assessment	Expect to exceed target of 80%	80%
Percentage of authorisation applications assessed within statutory timeframes	Expect to meet target of 100%	100%
Number of Australian Consumer Law enforcement interventions (court proceeding commenced, section 87B undertakings accepted, infringement notices issued)	Expect to exceed target of 40	40
Number of detailed assessments of emerging product safety hazards	On track to meet target of 20	20
Number of small business Infocentre contacts served	Expect to exceed target of 12,000	12,000
Number of Infocentre contacts served (includes Infocentre contacts served and webforms received)	Expect to meet target of 150,000	200,000
Number of major regulatory decisions	Will complete only 1 major decision, (target was 2)	4
Number of annual monitoring reports	Expect to achieve target of 6	7
Number of reports on monitoring of unleaded petroleum products	Expect to exceed target of 4 with 5 reports	6
Number of reports on broadband markets	N/A	8
Number of completed markets studies and inquiries	N/A	4
<b>Purpose</b>	The ACCC and the AER work in close coordination to achieve our common purpose: making markets work for consumers, now and in the future. The ACCC enforces the <i>Competition and Consumer Act 2010</i> and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.	

The above program is linked to the Department of Health (Program 5.1 – Protect the Health and Safety of the Community through Regulation) and the Department of Industry, Innovation and Science (Program 2 – Growing Business Investment and Improving Business Capability).



<b>Outcome 1:</b> Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.		
<b>Program 1.2 - Australian Energy Regulator</b>		
The AER's priorities and work program are guided by the objectives of national energy legislation and rules. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy with respect to price, quality, safety, reliability and security.		
<b>Delivery</b>	The AER achieves Outcome 1 by: <ul style="list-style-type: none"> <li>• monitoring electricity and gas markets to ensure energy businesses comply with the legislation and rules, and taking enforcement action where necessary</li> <li>• setting the amount of revenue that network businesses can recover from customers for using these networks and promoting efficient pricing structures</li> <li>• regulating retail energy markets in Queensland, New South Wales, South Australia, Tasmania (electricity only) and the Australian Capital Territory</li> <li>• operating Energy Made Easy, a price comparison website and providing other information for energy consumers, and</li> <li>• publishing information on energy markets, including the annual State of the energy market report, and reports on effective competition to assist stakeholders and the wider community.</li> </ul>	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>Forecast result against 2017-18 target</b>	<b>2018-19 and forward year targets</b>
Number of completed revenue decisions for electricity networks and gas pipelines	Will achieve target of 8	7 in 2018-19 5 in 2019-20 8 in 2020-21
Number of annual benchmarking reports on electricity networks	Achieved target of 1	1
Percentage of disputes resolved within legislated timeframes, including on network access and connections, and regulatory investment tests	Expect to achieve target of 100%	100%
Number of electricity distribution annual pricing (tariff) proposals and annual gas tariff variations approved	Achieved target of 24 (14 for electricity and 10 for gas)	22 (14 electricity and 8 gas)
Number of annual reports on compliance in, and performance of, retail energy markets	Achieved target of 2	2
Percentage of authorisation and exemption applications to sell energy assessed within 12 weeks of receiving required information	Unlikely to achieve target of 100%	100%
Percentage of new and amended retailer hardship policies assessed within 12 weeks of receiving required information	Expect to achieve target of 100%	100%
Percentage of offers published on the AER's Energy Made Easy price comparator website within two business days of receipt from retailers	Will achieve target of 100%	100%
Number of targeted reviews of compliance with the national energy rules	Expect to achieve target of 4	4
Number of quarterly reports on compliance in wholesale electricity and gas markets	Expect to achieve target of 4	4

<b>Performance information</b>		
<b>Performance criteria</b>	<b>Forecast result against 2017-18 target</b>	<b>2018-19 and forward year targets</b>
Number of audits completed of systems for energy businesses that are critical to market efficiency and energy security	Expect to achieve target of 2	1
Percentage of reports on wholesale electricity market high price events and significant price variations in spot gas markets activity published within statutory timeframes	Expect to achieve target of 100%	100%
Number of reports on effective competition in the wholesale electricity market	Will achieve target of 1	1
<b>Purpose</b>	The AER regulates energy markets and networks under national legislation and rules, which aim to promote efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security.	

The above program is linked to the Department of the Environment and Energy (Program 4.1 – Energy).

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 BUDGETED FINANCIAL STATEMENTS

#### 3.1.1 Differences between entity resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

##### Operating revenues

Total appropriation revenue for 2018-19 is estimated to be \$210.0 million. This has increased from \$200.8 million as reported in the *2017-18 Portfolio Additional Estimates Statements*. The increase is due to additional funding received for several new policy proposals, including Compulsory Recall of Vehicles with Takata Airbags, Commercial Construction Unit – Extension and National Consumer Data Right. Refer to Table 1.2 for funding details.

##### Operating expenses

Total expenses in 2018-19 are estimated to be \$218.7 million. This has increased from \$208.4 million as reported in the *2017-18 Portfolio Additional Estimates Statements*. The increase is largely due to expenditure from new policy proposals as summarised in Table 1.2.

##### Operating capital

Total capital budget in 2018-19 is estimated to be \$2.5 million. This has increased from \$2.0 million as reported in the *2017-18 Portfolio Additional Estimates Statements*. The increase is due to additional capital budget approved for the new policy proposal for National Consumer Data Right. Refer to Table 1.2 for funding details.

#### Departmental Balance Sheet

##### Financial assets

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

##### Non-financial assets

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

**Departmental liabilities — provisions and payables**

Provisions and payables include:

- employee entitlements arising from services rendered by employees. The liability includes unpaid annual leave and long service leave;
- rent straight-line adjustments and lease incentives;
- make good liability and onerous lease provisions for office accommodation; and
- unpaid expenses as at balance date.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	119,973	126,266	119,278	115,047	112,325
Suppliers	81,979	87,740	83,056	78,828	77,596
Depreciation and amortisation (a)	4,678	4,672	4,719	4,670	4,668
Finance costs	46	24	33	42	51
<b>Total expenses</b>	<b>206,676</b>	<b>218,702</b>	<b>207,086</b>	<b>198,587</b>	<b>194,640</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	3,953	3,953	3,153	2,253	2,253
<b>Total own-source revenue</b>	<b>3,953</b>	<b>3,953</b>	<b>3,153</b>	<b>2,253</b>	<b>2,253</b>
<b>Gains</b>					
Other	94	94	94	94	94
<b>Total gains</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>
<b>Total own-source income</b>	<b>4,047</b>	<b>4,047</b>	<b>3,247</b>	<b>2,347</b>	<b>2,347</b>
<b>Net (cost of)/contribution by services</b>	<b>(202,629)</b>	<b>(214,655)</b>	<b>(203,839)</b>	<b>(196,240)</b>	<b>(192,293)</b>
Revenue from Government	197,951	209,983	199,120	191,570	187,625
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(4,678)</b>	<b>(4,672)</b>	<b>(4,719)</b>	<b>(4,670)</b>	<b>(4,668)</b>

#### Note: Impact of net cash appropriation arrangements

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	4,678	4,672	4,719	4,670	4,668
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(4,678)</b>	<b>(4,672)</b>	<b>(4,719)</b>	<b>(4,670)</b>	<b>(4,668)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) being replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,616	1,616	1,616	1,616	1,616
Trade and other receivables	44,254	42,384	38,906	36,332	34,468
<b>Total financial assets</b>	<b>45,870</b>	<b>44,000</b>	<b>40,522</b>	<b>37,948</b>	<b>36,084</b>
<b>Non-financial assets</b>					
Land and buildings	13,670	11,731	9,782	7,826	6,477
Property, plant and equipment	3,041	3,146	3,653	4,329	4,154
Intangibles	3,288	3,584	2,867	2,050	1,490
Other non-financial assets	2,572	2,572	2,572	2,572	2,572
<b>Total non-financial assets</b>	<b>22,571</b>	<b>21,033</b>	<b>18,874</b>	<b>16,777</b>	<b>14,693</b>
<b>Total assets</b>	<b>68,441</b>	<b>65,033</b>	<b>59,396</b>	<b>54,725</b>	<b>50,777</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	9,493	9,953	9,537	9,264	9,308
Other payables	20,123	18,317	17,414	15,896	14,177
<b>Total payables</b>	<b>29,616</b>	<b>28,270</b>	<b>26,951</b>	<b>25,160</b>	<b>23,485</b>
<b>Provisions</b>					
Employee provisions	35,195	34,713	32,414	31,481	31,134
Other provisions	3,730	3,188	2,828	2,478	2,136
<b>Total provisions</b>	<b>38,925</b>	<b>37,901</b>	<b>35,242</b>	<b>33,959</b>	<b>33,270</b>
<b>Total liabilities</b>	<b>68,541</b>	<b>66,171</b>	<b>62,193</b>	<b>59,119</b>	<b>56,755</b>
<b>Net assets</b>	<b>(100)</b>	<b>(1,138)</b>	<b>(2,797)</b>	<b>(4,394)</b>	<b>(5,978)</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	88,079	91,713	94,773	97,846	100,930
Reserves	4,086	4,086	4,086	4,086	4,086
Retained surplus (accumulated deficit)	(92,265)	(96,937)	(101,656)	(106,326)	(110,994)
<b>Total equity</b>	<b>(100)</b>	<b>(1,138)</b>	<b>(2,797)</b>	<b>(4,394)</b>	<b>(5,978)</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(92,265)	4,086	88,079	(100)
<b>Adjusted opening balance</b>	<b>(92,265)</b>	<b>4,086</b>	<b>88,079</b>	<b>(100)</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(4,672)	-	-	(4,672)
<b>Total comprehensive income</b>	<b>(4,672)</b>	<b>-</b>	<b>-</b>	<b>(4,672)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriation	-	-	1,100	1,100
Departmental Capital Budget (DCB)	-	-	2,534	2,534
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>3,634</b>	<b>3,634</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(96,937)</b>	<b>4,086</b>	<b>91,713</b>	<b>(1,138)</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(96,937)</b>	<b>4,086</b>	<b>91,713</b>	<b>(1,138)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	188,114	216,161	206,026	196,582	191,927
Sale of goods and rendering of services	3,953	3,953	3,153	2,253	2,253
Net GST received	8,517	8,458	8,059	7,770	7,731
<b>Total cash received</b>	<b>200,584</b>	<b>228,572</b>	<b>217,238</b>	<b>206,605</b>	<b>201,911</b>
<b>Cash used</b>					
Employees	116,816	126,710	120,343	115,419	112,720
Suppliers	75,963	89,596	85,908	81,478	79,522
Net GST paid	8,517	8,458	8,059	7,770	7,731
s74 Retained revenue receipts transferred to OPA	3,488	4,308	3,428	2,438	2,438
<b>Total cash used</b>	<b>204,784</b>	<b>229,072</b>	<b>217,738</b>	<b>207,105</b>	<b>202,411</b>
<b>Net cash from/(used by) operating activities</b>	<b>(4,200)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	8,868	3,134	2,560	2,573	2,584
<b>Total cash used</b>	<b>8,868</b>	<b>3,134</b>	<b>2,560</b>	<b>2,573</b>	<b>2,584</b>
<b>Net cash from/(used by) investing activities</b>	<b>(8,868)</b>	<b>(3,134)</b>	<b>(2,560)</b>	<b>(2,573)</b>	<b>(2,584)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	13,068	3,634	3,060	3,073	3,084
<b>Total cash received</b>	<b>13,068</b>	<b>3,634</b>	<b>3,060</b>	<b>3,073</b>	<b>3,084</b>
<b>Net cash from/(used by) financing activities</b>	<b>13,068</b>	<b>3,634</b>	<b>3,060</b>	<b>3,073</b>	<b>3,084</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	1,616	1,616	1,616	1,616	1,616
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,616</b>	<b>1,616</b>	<b>1,616</b>	<b>1,616</b>	<b>1,616</b>

Prepared on Australian Accounting Standards basis.



**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	1,968	2,534	1,960	1,973	1,984
Equity injections - Bill 2	11,100	1,100	1,100	1,100	1,100
<b>Total new capital appropriations</b>	<b>13,068</b>	<b>3,634</b>	<b>3,060</b>	<b>3,073</b>	<b>3,084</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>2,568</i>	<i>3,134</i>	<i>2,560</i>	<i>2,573</i>	<i>2,584</i>
<i>Other Items</i>	<i>10,500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>
<b>Total items</b>	<b>13,068</b>	<b>3,634</b>	<b>3,060</b>	<b>3,073</b>	<b>3,084</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	600	600	600	600	600
Funded by capital appropriation - DCB (b)	1,968	2,534	1,960	1,973	1,984
Funded internally from departmental resources (c)	6,300	-	-	-	-
<b>TOTAL</b>	<b>8,868</b>	<b>3,134</b>	<b>2,560</b>	<b>2,573</b>	<b>2,584</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	8,868	3,134	2,560	2,573	2,584
<b>Total cash used to acquire assets</b>	<b>8,868</b>	<b>3,134</b>	<b>2,560</b>	<b>2,573</b>	<b>2,584</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Includes assets funded by a lease incentive from a new accommodation lease.

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	21,345	7,161	14,530	43,036
Accumulated depreciation/ amortisation and impairment	(7,675)	(4,120)	(11,242)	(23,037)
<b>Opening net book balance</b>	<b>13,670</b>	<b>3,041</b>	<b>3,288</b>	<b>19,999</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	102	1,493	1,539	3,134
<b>Total additions</b>	<b>102</b>	<b>1,493</b>	<b>1,539</b>	<b>3,134</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(2,041)	(1,388)	(1,243)	(4,672)
<b>Total other movements</b>	<b>(2,041)</b>	<b>(1,388)</b>	<b>(1,243)</b>	<b>(4,672)</b>
<b>As at 30 June 2019</b>				
Gross book value	21,447	8,654	16,069	46,170
Accumulated depreciation/ amortisation and impairment	(9,716)	(5,508)	(12,485)	(27,709)
<b>Closing net book balance</b>	<b>11,731</b>	<b>3,146</b>	<b>3,584</b>	<b>18,461</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19, including CDABs.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Fees and fines	40,000	40,000	40,000	40,000	40,000
<b>Total non-taxation revenue</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Net cost of/(contribution by) services</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>
<b>Surplus/(deficit)</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1	1	1	1	1
Taxation receivables	6,848	6,848	6,848	6,848	6,848
<b>Total financial assets</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>
<b>Total assets administered on behalf of Government</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>
<b>Net assets/(liabilities)</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>	<b>6,849</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Fees	40,000	40,000	40,000	40,000	40,000
<b>Total cash received</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Net cash from/(used by) operating activities</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Net increase/(decrease) in cash held</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
Cash and cash equivalents at beginning of reporting period	1	1	1	1	1
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
<b>Total cash to Official Public Account</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

Prepared on Australian Accounting Standards basis.



# AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

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# AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Office of Financial Management (AOFM) is responsible for the management of Australian Government debt and certain financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes, manages the Government's cash balances and invests in high quality financial assets.

The AOFM aims to meet the Government's financing needs in a cost effective manner subject to acceptable risk and to meet the Government's policy objectives of maintaining liquid and efficient Treasury Bond and Treasury Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM to meet the Australian Government's financing needs and to support bond markets.

The AOFM primarily manages the cost structure of the debt portfolio through the choice of Treasury Bond series when issuing debt. The annual debt issuance strategy is informed by qualitative and quantitative factors to achieve an interest rate profile that appropriately balances cost and cost variability, the refinancing task and financial market efficiency. In recent years the AOFM has lengthened the duration of its Treasury Bond portfolio through longer term issuance and by extending the yield curve as a means of reducing risk. The AOFM will continue to look for opportunities to consolidate its issuance at the longer end of the yield curve. In addition, as a means of further reducing refinancing risk in future years and to improve market efficiency, the AOFM conducts regular buy backs of Treasury Bonds that no longer form part of the 3 year Treasury Bond futures contract.

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

In managing the Government's cash balances, the AOFM aims to ensure that the Government is able to meet its financial obligations when they fall due, while seeking to minimise the net cost of funding. The use of term deposits and issuance of Treasury Notes is used to manage cash flow volatility arising from the Government's within year financing task.

## **1.2 ENTITY RESOURCE STATEMENT**

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a total resourcing (cash or appropriations available) basis to meet operating, investing and financing activities. The 'Budgeted expenses for Outcome 1' table in Section 2 focuses on expenses only, and the financial statements in Section 3 are presented on an accruals basis.



**Table 1.1: AOFM resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services		
Prior year appropriations available	24,585	25,528
Departmental appropriation (a)	10,834	10,789
s 74 retained revenue receipts (b)	361	371
Departmental capital budget (a) (c)	713	710
<i>Total departmental annual appropriations</i>	<u>36,493</u>	<u>37,398</u>
<b>Total departmental resourcing</b>	<b>36,493</b>	<b>37,398</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)	10	-
<i>Total administered annual appropriations</i>	<u>10</u>	<u>-</u>
Special appropriations (d)	542,309,066	396,021,251
<i>Total administered special appropriations</i>	<u>542,309,066</u>	<u>396,021,251</u>
Special accounts		
Opening balance	44	44
<i>Total special account</i>	<u>44</u>	<u>44</u>
<b>Total administered resourcing</b>	<b>542,309,120</b>	<b>396,021,295</b>
<b>Total resourcing for AOFM</b>	<b>542,345,613</b>	<b>396,058,693</b>
	<u>2017-18</u>	<u>2018-19</u>
<b>Average staffing level (number)</b>	<b>40</b>	<b>40</b>

Prepared on a total resourcing (that is, cash or appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) 2018-19 and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Special Appropriations comprise funding to meet operating expenditures (such as interest on Australian Government Securities (AGS)), investing expenditures (such as acquisition of term deposits), and financing expenditures (such as maturity of AGS).

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Office of Financial Management are detailed in Budget Paper No.2 and are summarised below.

**Table 1.2: Entity 2018-19 Budget measures**

**Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook MYEFO)**

The AOFM has no new budget measures.

**Part 2: Other measures not previously reported in a portfolio statement**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Measures</b>					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(33)	(33)	(33)	(33)
<b>Total</b>		<b>(33)</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>

Prepared on a Government Finance statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in MYEFO under the Treasury portfolio.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for AOFM can be found at:  
[www//aofm.gov.au/publications/corporate-plan/](http://www.aofm.gov.au/publications/corporate-plan/)

The most recent annual performance statement can be found at:  
[www//aofm.gov.au/publications/annual-reports/annual-report-2016-2017/part-2-performance-and-outcomes/](http://www.aofm.gov.au/publications/annual-reports/annual-report-2016-2017/part-2-performance-and-outcomes/)

## **2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1**

**Outcome 1:**

The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

### **Budgeted expenses for Outcome 1**

This table shows how much the entity intends to incur in expenses (on an accruals basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental activities.

Expenditures on investing and financing activities are excluded from this table.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Office of Financial Management</b>					
<b>Administered expenses</b>					
Appropriation Bill No. 1	10	-	-	-	-
<b>Special appropriations:</b>					
<i>Commonwealth Inscribed</i>					
Stock Act 1911	17,047,223	17,811,172	18,355,071	18,046,782	17,805,987
<i>Financial Agreement Act 1994</i>					
	7	7	7	7	7
Expenses not requiring appropriation in the Budget year (a)	546,883	640,740	470,704	467,196	238,597
<b>Administered total</b>	<b>17,594,123</b>	<b>18,451,919</b>	<b>18,825,782</b>	<b>18,513,985</b>	<b>18,044,591</b>
<b>Departmental expenses</b>					
Appropriation Bill No. 1	9,934	10,789	10,841	10,947	11,077
s 74 Retained revenue receipts (b)	361	371	382	394	406
Expenses not requiring appropriation in the Budget year (a)	720	820	870	870	820
<b>Departmental total</b>	<b>11,015</b>	<b>11,980</b>	<b>12,093</b>	<b>12,211</b>	<b>12,303</b>
<b>Total expenses for Outcome 1</b>	<b>17,605,138</b>	<b>18,463,899</b>	<b>18,837,875</b>	<b>18,526,196</b>	<b>18,056,894</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	40	40			

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees for departmental activities; and accounting losses on debt redeemed prior to maturity for administered activities.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.</b>	
<b>Program 1.1 – Australian Office of Financial Management</b>	
<b>Delivery</b>	The AOFM is responsible for managing the Commonwealth debt, cash and other asset portfolios on behalf of the Australian Government. The AOFM aims to manage these portfolios with a view to balancing cost and risk, over the medium term.
<b>Performance information</b>	
<b>Performance criteria</b>	<b>Targets 2017-18 and beyond</b>
<b>Meet the budget financing task in a cost-effective manner subject to acceptable risk</b>	
<u>Term issuance</u> - Shortfall in volume (\$) between actual Treasury Bond issuance and planned issuance announced at the Budget and subsequent releases.	Zero
<u>Tender issuance yields</u> - Weighted average issue yield at Treasury Bond and Treasury Indexed Bond tenders compared to prevailing mid-market secondary yields.	Actual issuance yields at or below the market rate
<u>Financing cost (issuance)</u> - The cost of Treasury Bond issuance over the past 12 months compared to the average 10-year bond rate over the same period.	Lower
<u>Financing cost (portfolio)</u> - The cost of the long-term debt portfolio compared to the 10-year average of the 10-year bond rate.	Lower
<b>Facilitate the Government’s cash outlay requirements as and when they fall due</b>	
<u>Use of the overdraft facility</u> - Number of instances the RBA overdraft facility was utilised to the extent that it required Ministerial approval during the assessment period.	Zero
<b>A credible custodian of the AGS market and other portfolio responsibilities</b>	
<u>A liquid and efficient secondary market</u> - Annual turnover in the secondary market for Treasury Bonds and Treasury Indexed Bonds.	Greater than previous year
<u>Market commitments</u> - Number of times the AOFM failed to undertake actions consistent with public announcements.	Zero
<b>Purposes</b>	The AOFM’s purpose is articulated through its objectives, which are to: <ul style="list-style-type: none"> <li>• meet the budget financing task in a cost effective manner subject to acceptable risk;</li> <li>• facilitate the Government’s cash outlay requirements as and when they fall due; and</li> <li>• be a credible custodian of the Australian Government Securities market and other portfolio responsibilities.</li> </ul>

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

##### **Departmental**

The comprehensive income statement (Table 3.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental entity receipts as recorded in the entity resource statement (Table 1.1) exclude the estimated value of these services received free of charge.

##### **Administered**

The AOFM receives administered appropriations to meet operating expenditures and for capital expenditure purposes arising from managing a portfolio of debt and assets. This is reflected in the entity resource statement (Table 1.1). The schedule of budgeted administered cash flows (Table 3.9) itemises these expenditures and classifies them into operating, investing and financing activities.

The AOFM's estimated expenses as shown in Table 2.1 are itemised in the comprehensive income statement (Table 3.1) for departmental activities, and in the schedule of budgeted administered income and expenses (Table 3.7) for administered activities.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

##### **Administered**

The AOFM produces budget estimates of Australian Government Securities (AGS) debt and certain financial assets. The projections of AGS debt are a consequence of the expenditure, investment and revenue decisions and assumptions made by the Government in producing its estimates. Annual debt servicing costs on AGS debt are largely determined after taking into account changes in the volume of AGS debt over the projection period, yields on existing debt and assumptions about yields on new debt issuance over the projection period.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	6,476	6,669	6,867	7,074	7,289
Suppliers	4,139	4,811	4,676	4,587	4,514
Depreciation and amortisation	400	500	550	550	500
<b>Total expenses</b>	<b>11,015</b>	<b>11,980</b>	<b>12,093</b>	<b>12,211</b>	<b>12,303</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Sale of goods and rendering of services	361	371	382	394	406
Resources received free of charge	320	320	320	320	320
<b>Total own-source income</b>	<b>681</b>	<b>691</b>	<b>702</b>	<b>714</b>	<b>726</b>
<b>Net (cost of)/contribution by services</b>	<b>(10,334)</b>	<b>(11,289)</b>	<b>(11,391)</b>	<b>(11,497)</b>	<b>(11,577)</b>
Revenue from Government	10,834	10,789	10,841	10,947	11,077
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>500</b>	<b>(500)</b>	<b>(550)</b>	<b>(550)</b>	<b>(500)</b>
<b>Total comprehensive income/(loss)</b>	<b>500</b>	<b>(500)</b>	<b>(550)</b>	<b>(550)</b>	<b>(500)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	400	500	550	550	500
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>500</b>	<b>(500)</b>	<b>(550)</b>	<b>(550)</b>	<b>(500)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.



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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	25,616	25,660	25,703	25,748	25,797
<b>Total financial assets</b>	<b>25,716</b>	<b>25,760</b>	<b>25,803</b>	<b>25,848</b>	<b>25,897</b>
<b>Non-financial assets</b>					
Property, plant and equipment	2,312	2,322	2,333	2,351	2,376
Intangibles	1,404	1,604	1,754	1,904	2,104
Other non-financial assets	58	58	58	58	58
<b>Total non-financial assets</b>	<b>3,774</b>	<b>3,984</b>	<b>4,145</b>	<b>4,313</b>	<b>4,538</b>
<b>Total assets</b>	<b>29,490</b>	<b>29,744</b>	<b>29,948</b>	<b>30,161</b>	<b>30,435</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	510	510	510	510	510
Other payables	422	426	429	433	441
<b>Total payables</b>	<b>932</b>	<b>936</b>	<b>939</b>	<b>943</b>	<b>951</b>
<b>Provisions</b>					
Employee provisions	1,949	1,989	2,029	2,070	2,111
Other provisions	418	418	418	418	418
<b>Total provisions</b>	<b>2,367</b>	<b>2,407</b>	<b>2,447</b>	<b>2,488</b>	<b>2,529</b>
<b>Total liabilities</b>	<b>3,299</b>	<b>3,343</b>	<b>3,386</b>	<b>3,431</b>	<b>3,480</b>
<b>Net assets</b>	<b>26,191</b>	<b>26,401</b>	<b>26,562</b>	<b>26,730</b>	<b>26,955</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	(3,920)	(3,210)	(2,499)	(1,781)	(1,056)
Retained surplus	30,111	29,611	29,061	28,511	28,011
<b>Total equity</b>	<b>26,191</b>	<b>26,401</b>	<b>26,562</b>	<b>26,730</b>	<b>26,955</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	30,111	(3,920)	26,191
<b>Opening balance</b>	<b>30,111</b>	<b>(3,920)</b>	<b>26,191</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(500)	-	(500)
<b>Total comprehensive income</b>	<b>(500)</b>	<b>-</b>	<b>(500)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget (DCB)	-	710	710
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>710</b>	<b>710</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>29,611</b>	<b>(3,210)</b>	<b>26,401</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	10,252	11,116	11,180	11,296	11,434
Sale of goods and rendering of services	361	371	382	394	406
<b>Total cash received</b>	<b>10,613</b>	<b>11,487</b>	<b>11,562</b>	<b>11,690</b>	<b>11,840</b>
<b>Cash used</b>					
Employees	6,433	6,625	6,824	7,029	7,240
Suppliers	3,819	4,491	4,356	4,267	4,194
s74 Retained revenue receipts transferred to OPA	361	371	382	394	406
<b>Total cash used</b>	<b>10,613</b>	<b>11,487</b>	<b>11,562</b>	<b>11,690</b>	<b>11,840</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	713	710	711	718	725
<b>Total cash used</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>
<b>Net cash from/(used by) investing activities</b>	<b>(713)</b>	<b>(710)</b>	<b>(711)</b>	<b>(718)</b>	<b>(725)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	713	710	711	718	725
<b>Total cash received</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>
<b>Net cash from/(used by) financing activities</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	100	100	100	100	100
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	713	710	711	718	725
<b>Total new capital appropriations</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	713	710	711	718	725
<b>Total items</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	713	710	711	718	725
<b>TOTAL</b>	<b>713</b>	<b>710</b>	<b>711</b>	<b>718</b>	<b>725</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	2,578	2,021	4,599
Accumulated depreciation/amortisation and impairment	(266)	(617)	(883)
<b>Opening net book balance</b>	<b>2,312</b>	<b>1,404</b>	<b>3,716</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation ordinary annual services (a)	210	500	710
<b>Total additions</b>	<b>210</b>	<b>500</b>	<b>710</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(200)	(300)	(500)
<b>Total other movements</b>	<b>(200)</b>	<b>(300)</b>	<b>(500)</b>
<b>As at 30 June 2019</b>			
Gross book value	2,788	2,521	5,309
Accumulated depreciation/amortisation and impairment	(466)	(917)	(1,383)
<b>Closing net book balance</b>	<b>2,322</b>	<b>1,604</b>	<b>3,926</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for DCBs.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	1	1	1	1	1
Interest costs	17,017,239	17,781,178	18,325,077	18,023,226	17,782,431
Other expenses	30,000	30,000	30,000	23,562	23,562
<b>Total expenses before re-measurement</b>	<b>17,047,240</b>	<b>17,811,179</b>	<b>18,355,078</b>	<b>18,046,789</b>	<b>17,805,994</b>
<b>LESS:</b>					
<b>INCOME</b>					
<b>Non-taxation revenue</b>					
Interest	757,045	597,221	596,952	632,734	640,844
<b>Total non-taxation revenue</b>	<b>757,045</b>	<b>597,221</b>	<b>596,952</b>	<b>632,734</b>	<b>640,844</b>
<b>Total revenue before re-measurement</b>	<b>757,045</b>	<b>597,221</b>	<b>596,952</b>	<b>632,734</b>	<b>640,844</b>
<b>Gains/(losses)</b>					
Net losses on debt repurchases	(546,883)	(640,740)	(470,704)	(467,196)	(238,597)
Net gains on sale of assets	10,661	-	-	-	-
<b>Total gains (losses) before re-measurement</b>	<b>(536,222)</b>	<b>(640,740)</b>	<b>(470,704)</b>	<b>(467,196)</b>	<b>(238,597)</b>
<b>Operating result before re-measurements</b>	<b>(16,826,417)</b>	<b>(17,854,698)</b>	<b>(18,228,830)</b>	<b>(17,881,251)</b>	<b>(17,403,747)</b>
<b>Re-measurements</b>					
Net market revaluation gains (losses)	8,125,826	1,315,253	839,861	574,745	184,858
<b>Total re-measurements</b>	<b>8,125,826</b>	<b>1,315,253</b>	<b>839,861</b>	<b>574,745</b>	<b>184,858</b>
<b>Total comprehensive income (losses)</b>	<b>(8,700,591)</b>	<b>(16,539,445)</b>	<b>(17,388,969)</b>	<b>(17,306,506)</b>	<b>(17,218,889)</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	622	622	622	622	622
Receivables	1,793,252	1,711,519	1,627,969	1,542,608	1,455,418
Investments	37,965,954	35,659,940	35,737,663	36,366,816	46,750,742
<b>Total financial assets</b>	<b>39,759,828</b>	<b>37,372,081</b>	<b>37,366,254</b>	<b>37,910,046</b>	<b>48,206,782</b>
<b>Total assets administered on behalf of Government</b>	<b>39,759,828</b>	<b>37,372,081</b>	<b>37,366,254</b>	<b>37,910,046</b>	<b>48,206,782</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Treasury Bonds	518,682,936	544,348,736	555,318,458	539,584,597	552,984,327
Treasury Indexed Bonds	47,737,232	47,583,386	53,061,834	51,805,992	48,687,181
Treasury Notes	2,497,813	2,498,875	2,498,875	2,498,875	2,498,875
Other securities	6,343	6,343	6,343	6,343	6,343
<b>Total interest bearing liabilities</b>	<b>568,924,324</b>	<b>594,437,340</b>	<b>610,885,510</b>	<b>593,895,807</b>	<b>604,176,726</b>
<b>Total liabilities administered on behalf of Government</b>	<b>568,924,324</b>	<b>594,437,340</b>	<b>610,885,510</b>	<b>593,895,807</b>	<b>604,176,726</b>
<b>Net liabilities</b>	<b>(529,164,496)</b>	<b>(557,065,259)</b>	<b>(573,519,256)</b>	<b>(555,985,761)</b>	<b>(555,969,944)</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	783,871	578,290	581,241	617,172	620,501
<b>Total cash received</b>	<b>783,871</b>	<b>578,290</b>	<b>581,241</b>	<b>617,172</b>	<b>620,501</b>
<b>Cash used</b>					
Grant	1	1	1	1	1
Borrowings costs	20,052,852	21,648,268	20,496,356	21,200,633	20,152,886
Interest on issuance	(508,148)	(593,919)	(520,695)	(348,751)	(334,185)
<b>Total cash used</b>	<b>19,544,705</b>	<b>21,054,350</b>	<b>19,975,662</b>	<b>20,851,883</b>	<b>19,818,702</b>
<b>Net cash used by operating activities</b>	<b>(18,760,834)</b>	<b>(20,476,060)</b>	<b>(19,394,421)</b>	<b>(20,234,711)</b>	<b>(19,198,201)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances and loans	95,937	97,813	99,219	100,584	101,931
Investments redeemed	479,408,228	298,207,626	301,559,257	327,018,218	331,151,041
<b>Total cash received</b>	<b>479,504,165</b>	<b>298,305,439</b>	<b>301,658,476</b>	<b>327,118,802</b>	<b>331,252,972</b>
<b>Cash used</b>					
Investments made	458,631,289	295,898,959	301,636,945	327,647,087	341,530,287
<b>Total cash used</b>	<b>458,631,289</b>	<b>295,898,959</b>	<b>301,636,945</b>	<b>327,647,087</b>	<b>341,530,287</b>
<b>Net cash from/ (used by) investing activities</b>	<b>20,872,876</b>	<b>2,406,480</b>	<b>21,531</b>	<b>(528,285)</b>	<b>(10,277,315)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowings	95,383,400	107,904,921	101,097,869	77,892,126	77,670,820
<b>Total cash received</b>	<b>95,383,400</b>	<b>107,904,921</b>	<b>101,097,869</b>	<b>77,892,126</b>	<b>77,670,820</b>
<b>Cash used</b>					
Repayment of borrowings	63,624,934	78,474,023	82,659,951	91,969,130	65,430,010
<b>Total cash used</b>	<b>63,624,934</b>	<b>78,474,023</b>	<b>82,659,951</b>	<b>91,969,130</b>	<b>65,430,010</b>
<b>Net cash from financing activities</b>	<b>31,758,466</b>	<b>29,430,898</b>	<b>18,437,918</b>	<b>(14,077,004)</b>	<b>12,240,810</b>
<b>Net increase in cash held</b>	<b>33,870,508</b>	<b>11,361,318</b>	<b>(934,972)</b>	<b>(34,840,000)</b>	<b>(17,234,706)</b>



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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Cash at beginning of reporting period	622	622	622	622	622
Total Cash from Official Public Account					
- Appropriations	542,309,076	396,021,251	404,793,253	440,816,851	427,113,184
Total Cash to Official Public Account					
- Receipts	(576,179,584)	(407,382,569)	(403,858,281)	(405,976,851)	(409,878,478)
<b>Cash at end of reporting period</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>

Prepared on Australian Accounting Standards basis.



# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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# AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Prudential Regulation Authority (APRA) is to regulate relevant financial institutions in accordance with the laws of the Commonwealth that provide for prudential regulation or retirement income standards. In performing and exercising its functions, APRA is to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, and, in balancing these objectives, is to promote financial system stability in Australia.

APRA's core mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions APRA supervises are met within a stable, efficient and competitive financial system. APRA also administers the Financial Claims Schemes, the private health insurance risk equalisation special account and, as a national statistical agency for the Australian financial sector, collects and publishes data from prudentially regulated and other financial institutions.

In undertaking its core mission, APRA places a strong emphasis on an active program of prudential supervision. APRA's supervisory approach is based on the fundamental premise that the primary responsibility for financial soundness and prudent risk management within an APRA-regulated institution rests with its board of directors and senior management. APRA's role is to promote prudent behaviour by institutions through a robust prudential framework of legislation, prudential standards and prudential guidance, which aims to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and well-managed.

APRA takes a risk-based approach to supervision that is designed to identify and assess those areas of greatest risk to an APRA-regulated institution (or to the financial system as a whole) and then direct supervisory resources and attention to these risks. APRA seeks to ensure that its supervisory judgments are accurate, timely and robust and that its responses are targeted and proportionate.

In doing so, APRA does not pursue a zero failure objective. Rather, APRA seeks to maintain a low incidence of failure of APRA-regulated institutions whilst not unduly hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system. APRA cannot eliminate the risk that any institution might fail and it recognises that attempting to do so would impose an unnecessary burden on institutions and the financial system. APRA's objective is to identify likely failure of an APRA-regulated institution early enough so that corrective action can be promptly initiated or an orderly exit achieved.

APRA's integrated structure and risk-based supervisory approach enable it to deal efficiently and effectively with the evolution of the financial sector, and the wide range of financial institutions within it.

Strong and safe financial institutions that meet their financial promises under all reasonable circumstances, and a stable financial system, are fundamental for fostering growth and sustainable competition. An important component of a stable financial system is a robust regulatory framework in times of crisis. APRA will continue to build on its crisis management capability to better deal with the failure of a financial institution and to preserve financial stability in times of stress.

Each year, APRA considers initiatives to strengthen its core functions and capabilities. The successful delivery of these initiatives will support the effective delivery of APRA's mission.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to APRA for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for APRA's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Departmental appropriation	731	126
s74 Retained revenue receipts (b)	13,277	5,503
Total departmental annual appropriations	<u>14,008</u>	<u>5,629</u>
Special accounts		
Opening balance (c)	71,635	83,097
Appropriation receipts (d)	14,008	5,629
Non-appropriation receipts to Special Accounts	135,185	142,539
<i>Total special account receipts</i>	<u>220,828</u>	<u>231,265</u>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<u>14,008</u>	<u>5,629</u>
<b>Total departmental resourcing</b>	<b><u>220,828</u></b>	<b><u>231,265</u></b>
<b>Administered</b>		
Special accounts		
Opening balance (c)	835	835
Non-appropriation receipts to Special Accounts (e)	450,000	450,000
<i>Total special account receipts</i>	<u>450,835</u>	<u>450,835</u>
<b>Total administered resourcing</b>	<b><u>450,835</u></b>	<b><u>450,835</u></b>
<b>Total resourcing for APRA</b>	<b><u>671,663</u></b>	<b><u>682,100</u></b>
	<u>2017-18</u>	<u>2018-19</u>
<b>Average staffing level (number)</b>	<b>626</b>	<b>642</b>

**Third party payments from and on behalf of other entities**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	<u>1,630</u>	<u>1,695</u>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2018-19.
- (b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes 'Special Public Money'. For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (d) Appropriation receipts include receipts from the Department of Foreign Affairs and Trade, the Reserve Bank of Australia, the Australian Bureau of Statistics, the Australian Taxation Office, the Australian Securities and Investments Commission and the Department of Agriculture and Water Resources.
- (e) Includes Private Health Insurance Industry risk equalisation receipts which are redistributed to industry, estimated to be \$450.0m in 2017-18 and \$450.0m in 2018-19.



### 1.3 BUDGET MEASURES

Budget measures in Table 1.2 relating to APRA are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Revenue measures</b>						
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — further support						
Administered revenues	1.1	-	2,724	-	-	-
<b>Total</b>		-	<b>2,724</b>	-	-	-
Full Cost Recovery of Superannuation Activities						
Administered revenues	1.1	-	7,849	7,646	8,023	8,406
<b>Total</b>		-	<b>7,849</b>	<b>7,646</b>	<b>8,023</b>	<b>8,406</b>
<b>Total revenue measures</b>						
Administered		-	10,573	7,646	8,023	8,406
<b>Total</b>		-	<b>10,573</b>	<b>7,646</b>	<b>8,023</b>	<b>8,406</b>
<b>Expense measures</b>						
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — further support						
Departmental expenses	1.1	-	2,724	-	-	-
<b>Total</b>		-	<b>2,724</b>	-	-	-
<b>Total expense measures</b>						
Departmental		-	2,724	-	-	-
<b>Total</b>		-	<b>2,724</b>	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for APRA can be found at:

<http://www.apra.gov.au/AboutAPRA/Publications/Pages/Corporate-Plan.aspx>

The most recent annual performance statement can be found in the Annual Report at:

[http://www.apra.gov.au/AboutAPRA/Publications/Documents/Annual\\_Report\\_2017.pdf](http://www.apra.gov.au/AboutAPRA/Publications/Documents/Annual_Report_2017.pdf)

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.

### Budgeted expenses for Outcome 1

This table shows how much APRA intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Prudential Regulation Authority</b>					
Administered expenses					
Special account (a)	450,000	450,000	450,000	450,000	450,000
<b>Administered total</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>
Departmental expenses					
Special accounts	128,496	139,727	138,445	132,398	133,229
Ordinary annual services (Appropriation Bill No. 1)	731	126	124	4,083	3,884
s74 Retained revenue receipts (b)	13,277	5,503	5,277	5,277	5,277
Expenses not requiring appropriation in the Budget year (c)	196	196	196	196	196
<b>Departmental total</b>	<b>142,700</b>	<b>145,552</b>	<b>144,042</b>	<b>141,954</b>	<b>142,586</b>
<b>Total expenses for program 1.1</b>	<b>592,700</b>	<b>595,552</b>	<b>594,042</b>	<b>591,954</b>	<b>592,586</b>
<b>Total expenses for Outcome 1</b>	<b>592,700</b>	<b>595,552</b>	<b>594,042</b>	<b>591,954</b>	<b>592,586</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	<b>626</b>	<b>642</b>

(a) Private health insurance industry risk equalisation payments.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(c) Expenses not requiring appropriation in the Budget year are made up of ANAO audit services that are received free of charge, however the expense is recognised along with an equal and offsetting income stream.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1</b> - Enhanced public confidence in Australia’s financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.</p>		
<p><b>Program 1.1</b> – To enhance public confidence in Australia’s financial institutions through establishing and enforcing prudential standards and practice that balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.</p>		
<p><b>Delivery</b></p>	<p>Maintain a robust prudential framework that sets requirements for prudent behaviour at regulated institutions and actively supervise regulated institutions with the aim of mitigating financial loss by depositors, insurance policyholders and superannuation fund members that may result from the failure of a regulated institution to adequately manage risk.</p>	
<p><b>Performance information</b></p>		
<p><b>Year</b></p>	<p><b>Performance criteria (a)</b></p>	<p><b>Targets</b></p>
<p>2017-18</p>	<p>Criteria for assessing performance in 2017-18:</p> <ul style="list-style-type: none"> <li>• The Performing Entity Ratio (PER) — the PER is an indicator of the incidence of failure amongst regulated institutions. It is determined as the number of regulated institutions that met their commitments to beneficiaries in a given year divided by the total number of regulated institutions. The higher the percentage, the lower the incidence of failure.</li> <li>• The Money Protection Ratio (MPR) — the MPR is an indicator of the incidence of loss in the financial sector. It is determined as the dollar value of liabilities to beneficiaries held in Australia in regulated institutions less any prudential losses to beneficiaries in a given year, divided by the total dollar value of liabilities to beneficiaries in Australia in regulated institutions. Again, the higher the percentage, the lower the incidence of loss.</li> </ul>	<p>APRA does not pursue a 'zero failure' target. Rather, the objective is to maintain a low incidence of failure of supervised institutions whilst not unduly hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system.</p> <p>APRA’s aim is to identify likely failures early enough so that corrective action can be initiated to prevent the failure, or at least to set in train appropriate wind-up or other exit strategies to minimise losses to beneficiaries.</p> <p>Since APRA’s inception in 1998 the annual PER has averaged 99.93 per cent and the annual MPR, which is dominated by the losses associated with HIH Insurance in 2001, has averaged 99.97 per cent.</p>
<p>2018-19</p>	<p>As per 2017-18</p>	<p>As per 2017-18</p>
<p>2019-20 and beyond</p>	<p>As per 2017-18</p>	<p>As per 2017-18</p>
<p><b>Purposes</b></p>	<p>The Australian Prudential Regulation Authority (APRA) is an independent statutory authority established for the purpose of prudential supervision of individual financial institutions and for promoting financial system stability in Australia. In performing this role, APRA is responsible for, in particular, protecting the interests of depositors, insurance policyholders and superannuation fund members.</p>	

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of APRA's finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between APRA's resourcing and its financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The departmental comprehensive income statement (Table 3.1) indicates an increase in revenue from Government for 2018-19 as a consequence of a budget measure (Table 1.2) and a claw-back of an under-collection of industry levies in 2017-18, partially offset by one-off other revenue in 2017-18 not expected to be repeated in 2018-19.

Employee expenses of \$107.2 million support an average staffing level (ASL) of 642 in 2018-19. The estimated staffing will enable APRA to supervise regulated institutions and their response to emerging risks, assess the need for and develop new prudential standards and guidance and continue to develop the tools and capability to resolve failures and near-failures in an orderly manner.

Supplier costs in 2018-19 reflect office leasing costs, IT support and maintenance, travel, training and other non-people related expenditures.

The budgeted departmental balance sheet (Table 3.2) shows that APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

The budgeted departmental statement of cash flows (Table 3.4) reflects the source and application of appropriations and other revenue, as detailed in Table 3.1.

The schedule of budgeted income and expenses administered on behalf of Government (Table 3.7) shows the amounts APRA collects in supervisory levies (the levies) from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*.

Apart from the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office (ATO) for unclaimed monies, lost member functions and for the administration of claims for early release of superannuation benefits on compassionate grounds; the Gateway Network Governance Body Ltd (GNGB) for governing and maintaining the superannuation transactions network; the Australian Securities and Investments Commission (ASIC) to improve outcomes in Financial Services and to manage superannuation complaints; and the Australian Competition and Consumer Commission (ACCC) to enhance competition in the financial system.

In addition, the receipts and distributions relating to the administration of the Private Health Insurance industry risk equalisation processes under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* are included.

The schedule of budgeted assets and liabilities administered on behalf of Government (Table 3.8) reflects residual Financial Assistance Levy receivables, the Financial Claims Scheme special account and a \$2 million Lloyds security deposit as required by section 92Q of the *Insurance Act 1973*.

The schedule of budgeted administered cash flows (Table 3.9), indicates that cash collected is swept daily from the APRA account to the Official Public Account (OPA), from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as per Table 3.1), or returns to the Private Health Insurance industry as quarterly risk equalisation payments. The residual is retained in the OPA to meet the Treasurer's Determinations for the ATO, GNGB, ASIC and ACCC.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	100,400	107,152	108,703	106,841	106,900
Suppliers	33,700	30,000	25,985	23,570	23,049
Depreciation and amortisation	8,600	8,400	9,354	11,543	12,637
<b>Total expenses</b>	<b>142,700</b>	<b>145,552</b>	<b>144,042</b>	<b>141,954</b>	<b>142,586</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	4,442	4,643	4,417	4,417	4,417
Other	9,031	1,056	1,056	1,056	1,056
<b>Total own-source revenue</b>	<b>13,473</b>	<b>5,699</b>	<b>5,473</b>	<b>5,473</b>	<b>5,473</b>
<b>Total own-source income</b>	<b>13,473</b>	<b>5,699</b>	<b>5,473</b>	<b>5,473</b>	<b>5,473</b>
<b>Net (cost of)/contribution by services</b>	<b>(129,227)</b>	<b>(139,853)</b>	<b>(138,569)</b>	<b>(136,481)</b>	<b>(137,113)</b>
Revenue from Government	135,915	142,665	137,069	137,481	138,113
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>6,688</b>	<b>2,812</b>	<b>(1,500)</b>	<b>1,000</b>	<b>1,000</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	85,450	84,506	80,550	86,528	93,474
Trade and other receivables	2,529	2,529	2,529	2,529	2,529
<b>Total financial assets</b>	<b>87,979</b>	<b>87,035</b>	<b>83,079</b>	<b>89,057</b>	<b>96,003</b>
<b>Non-financial assets</b>					
Property, plant and equipment	22,336	23,910	20,877	17,945	15,803
Intangibles	16,765	20,794	27,813	26,602	23,507
Other non-financial assets	1,863	1,863	1,863	1,863	1,863
<b>Total non-financial assets</b>	<b>40,964</b>	<b>46,567</b>	<b>50,553</b>	<b>46,410</b>	<b>41,173</b>
<b>Total assets</b>	<b>128,943</b>	<b>133,602</b>	<b>133,632</b>	<b>135,467</b>	<b>137,176</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	1,534	1,534	1,534	1,534	1,534
Other payables	29,379	27,512	25,735	23,319	20,598
<b>Total payables</b>	<b>30,913</b>	<b>29,046</b>	<b>27,269</b>	<b>24,853</b>	<b>22,132</b>
<b>Provisions</b>					
Employee provisions	40,363	44,077	47,384	50,635	54,065
Other provisions	3,219	3,219	3,219	3,219	3,219
<b>Total provisions</b>	<b>43,582</b>	<b>47,296</b>	<b>50,603</b>	<b>53,854</b>	<b>57,284</b>
<b>Total liabilities</b>	<b>74,495</b>	<b>76,342</b>	<b>77,872</b>	<b>78,707</b>	<b>79,416</b>
<b>Net assets</b>	<b>54,448</b>	<b>57,260</b>	<b>55,760</b>	<b>56,760</b>	<b>57,760</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	16,657	16,657	16,657	16,657	16,657
Reserves	14,216	15,216	16,216	17,216	18,216
Retained surplus (accumulated deficit)	23,575	25,387	22,887	22,887	22,887
<b>Total equity</b>	<b>54,448</b>	<b>57,260</b>	<b>55,760</b>	<b>56,760</b>	<b>57,760</b>

\*Equity is the residual interest in assets after the deduction of liabilities.  
Prepared on Australian Accounting Standards basis.



**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>					
Balance carried forward from previous period	23,575	7,216	7,000	16,657	54,448
<b>Adjusted opening balance</b>	<b>23,575</b>	<b>7,216</b>	<b>7,000</b>	<b>16,657</b>	<b>54,448</b>
<b>Comprehensive income</b>					
Surplus/(deficit) for the period	2,812	-	-	-	2,812
<b>Total comprehensive income</b>	<b>2,812</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,812</b>
<b>Transactions with owners</b>					
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers between equity components	(1,000)	-	1,000	-	-
<b>Estimated closing balance as at 30 June 2019</b>	<b>25,387</b>	<b>7,216</b>	<b>8,000</b>	<b>16,657</b>	<b>57,260</b>
<b>Closing balance attributable to the Australian Government</b>	<b>25,387</b>	<b>7,216</b>	<b>8,000</b>	<b>16,657</b>	<b>57,260</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	154,865	151,217	145,020	145,218	145,983
Sale of goods and rendering of services	4,442	4,643	4,417	4,417	4,417
Net GST received	2,974	3,049	2,674	2,460	2,593
Other	9,813	860	860	860	860
<b>Total cash received</b>	<b>172,093</b>	<b>159,768</b>	<b>152,971</b>	<b>152,956</b>	<b>153,854</b>
<b>Cash used</b>					
Employees	98,739	104,623	106,222	104,777	103,110
Suppliers	32,711	33,535	29,414	27,063	28,527
s74 Retained revenue receipts transferred to OPA	17,229	8,552	7,951	7,737	7,870
<b>Total cash used</b>	<b>148,678</b>	<b>146,709</b>	<b>143,587</b>	<b>139,578</b>	<b>139,508</b>
<b>Net cash from/(used by) operating activities</b>	<b>23,415</b>	<b>13,059</b>	<b>9,384</b>	<b>13,378</b>	<b>14,346</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	9,600	14,003	13,340	7,400	7,400
<b>Total cash used</b>	<b>9,600</b>	<b>14,003</b>	<b>13,340</b>	<b>7,400</b>	<b>7,400</b>
<b>Net cash from/(used by) investing activities</b>	<b>(9,600)</b>	<b>(14,003)</b>	<b>(13,340)</b>	<b>(7,400)</b>	<b>(7,400)</b>
<b>Net increase/(decrease) in cash held</b>	<b>13,815</b>	<b>(944)</b>	<b>(3,956)</b>	<b>5,978</b>	<b>6,946</b>
Cash and cash equivalents at the beginning of the reporting period	71,635	85,450	84,506	80,550	86,528
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>85,450</b>	<b>84,506</b>	<b>80,550</b>	<b>86,528</b>	<b>93,474</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	9,600	14,003	13,340	7,400	7,400
<b>TOTAL</b>	<b>9,600</b>	<b>14,003</b>	<b>13,340</b>	<b>7,400</b>	<b>7,400</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	9,600	14,003	13,340	7,400	7,400
<b>Total cash used to acquire assets</b>	<b>9,600</b>	<b>14,003</b>	<b>13,340</b>	<b>7,400</b>	<b>7,400</b>

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	34,358	60,710	95,068
Accumulated depreciation/amortisation and impairment	(12,022)	(43,945)	(55,967)
<b>Opening net book balance</b>	<b>22,336</b>	<b>16,765</b>	<b>39,101</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - other	4,100	9,903	14,003
<b>Total additions</b>	<b>4,100</b>	<b>9,903</b>	<b>14,003</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(2,526)	(5,874)	(8,400)
<b>Total other movements</b>	<b>(2,526)</b>	<b>(5,874)</b>	<b>(8,400)</b>
<b>As at 30 June 2019</b>			
Gross book value	38,458	70,613	109,071
Accumulated depreciation/ amortisation and impairment	(14,548)	(49,819)	(64,367)
<b>Closing net book balance</b>	<b>23,910</b>	<b>20,794</b>	<b>44,704</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Other expenses	55	55	55	55	55
Risk Equalisation distributions	450,000	450,000	450,000	450,000	450,000
<b>Total expenses administered on behalf of Government</b>	<b>450,055</b>	<b>450,055</b>	<b>450,055</b>	<b>450,055</b>	<b>450,055</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other revenue	55	55	55	55	55
Financial Institutions Supervisory Levies Collection Act 1998	245,580	214,320	180,446	169,173	169,935
Risk Equalisation receipts	450,000	450,000	450,000	450,000	450,000
<b>Total non-taxation revenue</b>	<b>695,635</b>	<b>664,375</b>	<b>630,501</b>	<b>619,228</b>	<b>619,990</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>695,635</b>	<b>664,375</b>	<b>630,501</b>	<b>619,228</b>	<b>619,990</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>695,635</b>	<b>664,375</b>	<b>630,501</b>	<b>619,228</b>	<b>619,990</b>
<b>Net cost of/(contribution by) services</b>	<b>(245,580)</b>	<b>(214,320)</b>	<b>(180,446)</b>	<b>(169,173)</b>	<b>(169,935)</b>
<b>Surplus/(deficit)</b>	<b>245,580</b>	<b>214,320</b>	<b>180,446</b>	<b>169,173</b>	<b>169,935</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	835	835	835	835	835
Receivables	2,348	2,348	2,348	2,348	2,348
<b>Total financial assets</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>
<b>Total assets administered on behalf of Government</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>	<b>3,183</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Lloyds Security Trust Deposit	2,000	2,000	2,000	2,000	2,000
<b>Total payables</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Total liabilities administered on behalf of Government</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Net assets/(liabilities)</b>	<b>1,183</b>	<b>1,183</b>	<b>1,183</b>	<b>1,183</b>	<b>1,183</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	55	55	55	55	55
Administered revenue	695,580	664,320	630,446	619,173	619,935
<b>Total cash received</b>	<b>695,635</b>	<b>664,375</b>	<b>630,501</b>	<b>619,228</b>	<b>619,990</b>
<b>Cash used</b>					
Other	55	55	55	55	55
Administered expenses	695,580	664,320	630,446	619,173	619,935
<b>Total cash used</b>	<b>695,635</b>	<b>664,375</b>	<b>630,501</b>	<b>619,228</b>	<b>619,990</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.



# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

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

ASIC's objectives, as set out in the Australian Securities and Investments Commission Act 2001, are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC regulates financial markets, Australian companies, disclosure, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit.

As the financial services and consumer credit regulator, ASIC administers the Australian financial services (AFS) and credit licensing regime and monitors financial services and credit businesses to ensure that they operate efficiently, honestly and fairly. These businesses typically deal in superannuation, managed funds, deposit and payment products, personal lending, insurance, shares and company securities, and derivatives.

As the markets regulator, ASIC assesses how effective operators of financial markets are at ensuring their markets operate in a fair, orderly and transparent way. ASIC also exercises delegated authority from the Minister in authorising new markets and approving important changes to market structure. It has responsibility for the supervision of trading on Australia's domestic licensed equity, derivatives markets.

As the corporate regulator, ASIC ensures that companies, schemes and related entities meet their conduct and disclosure obligations under the Corporations Act 2001 (Corporations Act). ASIC registers and regulates companies at every point from their incorporation through to their winding up, and ensures that company officers comply with their responsibilities. It also registers and, where necessary, takes disciplinary action against company auditors and liquidators. ASIC monitors public companies' financial reporting and disclosure and fundraising activities.

ASIC promotes financial literacy. It supports the financial capability of Australians to improve their financial knowledge and skills and develop the attitudes and behaviours to make good financial decisions.

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

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: ASIC resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	114,285	114,030
Departmental appropriation (c)	351,645	342,428
s74 Retained revenue receipts (d)	7,198	8,162
Departmental capital budget (e)	17,264	24,345
Annual appropriations - other services - non-operating (f)		
Equity injection	22,185	5,499
Total departmental annual appropriations	<u>512,577</u>	<u>494,464</u>
Total departmental special appropriations (g)		
Special accounts (g)		
Opening balance	37,046	33,064
Appropriation receipts (h)	26,279	26,217
Appropriation receipts from other entities (i)	1,000	-
<i>Total special accounts</i>	<u>64,325</u>	<u>59,281</u>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<u>27,279</u>	<u>26,217</u>
<b>Total departmental resourcing</b>	<b><u>549,623</u></b>	<b><u>527,528</u></b>

**Table 1.1: ASIC resource statement — Budget estimates for 2018-19 as at Budget May 2018 (continued)**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
<b>Administered</b>		
Outcome 1	7,302	18,638
Total administered annual appropriations	7,302	18,638
<b>Special appropriations</b>		
Banking Act 1959	34,078	23,188
Life Insurance Act 1995	4,476	3,641
Public Governance, Performance and Accountability Act 2013	31,490	30,985
Corporations Act 2001	10,000	10,000
Total administered special appropriations	80,044	67,814
Special accounts (g)		
Opening balance	-	3,982
Total special account receipts	-	3,982
<b>Total administered resourcing</b>	<b>87,346</b>	<b>90,434</b>
<b>Total resourcing for ASIC</b>	<b>636,969</b>	<b>617,962</b>
	2017-18	2018-19
<b>Average staffing level (number)</b>	1,749	1,719

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2018-19.
- (b) Excludes \$3.922m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes departmental capital budget (DCB).
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) Appropriation Bill (No.2) 2018-19.
- (g) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.
- (h) Amounts credited to the special account(s) from ASIC's annual and special appropriations.
- (i) Amounts credited to the special account(s) from another entity's annual and special appropriations.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Revenue measures</b>						
North Queensland Home Insurance Comparison Website - additional funding						
Administered revenues	1.1	-	-	nfp	nfp	-
Regulation of Company Auditors						
Administered revenues	1.1	-	-	554	555	558
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry - further support						
Administered revenues	1.1	-	5,882	4,746	-	-
<b>Total revenue measures</b>		-	<b>5,882</b>	<b>5,300</b>	<b>555</b>	<b>558</b>
<b>Expense measures</b>						
Delivering Australia's Digital Future — modernising business registers						
Departmental expenses	1.1	-	1,608	-	-	-
Enhancing Female Financial Capability						
Administered expenses	1.1	-	10,000	-	-	-
More Choices for a Longer Life — healthy ageing and high quality care						
Departmental expenses	1.1	-	-	-	-	-
North Queensland Home Insurance Comparison Website - additional funding						
Departmental expenses	1.1	-	nfp	nfp	-	-
Regulation of Company Auditors						
Departmental expenses	1.1	-	554	555	558	562
Royal Commission into misconduct in the Banking, Superannuation and Financial Services Industry - further support						
Departmental expenses	1.1	-	4,746	-	-	-
<b>Total expense measures</b>		-	<b>10,000</b>	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for ASIC can be found at:

<http://download.asic.gov.au/media/4439405/corporate-plan-2017-published-31-august-2017-1.pdf>

The most recent annual performance statement can be found in the Annual Report at:

<http://asic.gov.au/about-asic/corporate-publications/asic-annual-reports/>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Securities and Investments Commission</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	4,157	15,182	5,184	5,221	5,243
Expenses not requiring appropriation in the Budget year (a)	52,212	56,907	59,267	61,308	63,508
<b>Administered total</b>	<b>56,369</b>	<b>72,089</b>	<b>64,451</b>	<b>66,529</b>	<b>68,751</b>
Departmental expenses					
Departmental appropriation	353,246	347,597	334,932	326,334	329,448
Expenses not requiring appropriation in the Budget year (b)	39,659	37,246	32,898	25,798	22,647
<b>Departmental total</b>	<b>392,905</b>	<b>384,843</b>	<b>367,830</b>	<b>352,132</b>	<b>352,095</b>
<b>Total expenses for program 1.1</b>	<b>449,274</b>	<b>456,932</b>	<b>432,281</b>	<b>418,661</b>	<b>420,846</b>
<b>Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts</b>					
Administered expenses					
Companies unclaimed monies - section 77 of the PGPA ACT (Appropriation Bill No. 1)	37,205	31,539	31,870	31,586	31,327
Ordinary annual services (Appropriation Bill No. 1)	3,145	3,456	3,749	4,015	4,328
Special appropriations					
<i>Banking Act 1959 - Banking Unclaimed Moneys</i>	6,539	5,975	46,799	47,334	47,458
<i>Life Insurance Act 1995 - Life Unclaimed Moneys</i>	3,656	1,850	4,606	4,586	4,584
<b>Administered total</b>	<b>50,545</b>	<b>42,820</b>	<b>87,024</b>	<b>87,521</b>	<b>87,697</b>
<b>Total expenses for program 1.2</b>	<b>50,545</b>	<b>42,820</b>	<b>87,024</b>	<b>87,521</b>	<b>87,697</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	7,302	18,638	8,933	9,236	9,571
Special appropriations	10,195	7,825	51,405	51,920	52,042
Companies unclaimed monies - section 77 of the PGPA ACT	37,205	31,539	31,870	31,586	31,327
Expenses not requiring appropriation in the Budget year (b)	52,212	56,907	59,267	61,308	63,508
<b>Administered total</b>	<b>106,914</b>	<b>114,909</b>	<b>151,475</b>	<b>154,050</b>	<b>156,448</b>
Departmental expenses					
Departmental appropriation	353,246	347,597	334,932	326,334	329,448
Expenses not requiring appropriation in the Budget year (b)	39,659	37,246	32,898	25,798	22,647
<b>Departmental total</b>	<b>392,905</b>	<b>384,843</b>	<b>367,830</b>	<b>352,132</b>	<b>352,095</b>
<b>Total expenses for Outcome 1</b>	<b>499,819</b>	<b>499,752</b>	<b>519,305</b>	<b>506,182</b>	<b>508,543</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	1,749	1,719			

(a) Expenses not requiring appropriation in the Budget year are doubtful debts.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.



**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1</b> Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.</p>		
<p><b>Program 1.1 – Australian Securities and Investments Commission</b>                  Program 1.1 contributes to Outcome 1 by strategically identifying and responding to conduct which presents the greatest risk of harm. This includes:</p> <ul style="list-style-type: none"> <li>• detecting misconduct through risk-based surveillance, breach reports, reports from the whistleblowers and the public, monitoring trends and emerging risks, data gathering and analysis;</li> <li>• understanding and analysing the intelligence we receive to assess harms early and respond quickly; and</li> <li>• responding to misconduct or the risk of misconduct through education, disrupting harmful behaviour, enforcement, engaging with industry and stakeholders, and providing guidance and policy advice.</li> </ul> <p>This program also seeks to improve ASIC's registry services and reduce costs for businesses, consumers and the public.</p>		
<p><b>Delivery</b></p>	<p>ASIC will deliver this program through strategic use of a range of regulatory tools most appropriate to disrupt harm and poor behaviour in the financial system.</p>	
<p><b>Performance information</b></p>		
<p><b>Year</b></p>	<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>2017-18</p>	<p>Investor and consumer trust and confidence:</p> <ul style="list-style-type: none"> <li>• investors and consumers have trust and confidence to participate in the financial system;</li> <li>• product issuers, credit providers and advisers meet required standards;</li> <li>• fair and efficient processes are in place for resolution of disputes; and</li> <li>• misconduct is dealt with and deterred.</li> </ul> <p>Fair and efficient markets:</p> <ul style="list-style-type: none"> <li>• participants in financial markets meet required standards;</li> <li>• issuers and their officers meet required standards;</li> <li>• financial markets are fair, orderly and transparent; and</li> <li>• misconduct is dealt with and deterred.</li> </ul> <p>Providing efficient registration services:</p> <ul style="list-style-type: none"> <li>• registration is efficient, accurate and cost effective for business;</li> <li>• business complies with ongoing registration obligations;</li> <li>• the public has easy access to information in ASIC registers; and</li> <li>• misconduct is dealt with and deterred.</li> </ul>	<p>Promoting investor and consumer trust and confidence and ensuring fair and efficient markets</p> <ul style="list-style-type: none"> <li>• On track to meet performance criteria for 2017-18 through engagement, surveillance, enforcement, guidance, education, and policy activities.</li> </ul> <p>Providing efficient registration services</p> <ul style="list-style-type: none"> <li>• On track to meet the performance criteria for 2017-18.</li> </ul>

Performance information		
Year	Performance criteria	Targets
2018-19	<p>Investor and consumer trust and confidence:</p> <ul style="list-style-type: none"> <li>investors and consumers have trust and confidence to participate in the financial system;</li> <li>product issuers, credit providers and financial advisers act professionally, treat consumers fairly and prioritise their interests;</li> <li>fair and efficient processes are in place for resolution of disputes; and</li> <li>misconduct is dealt with and deterred.</li> </ul> <p>Market integrity:</p> <ul style="list-style-type: none"> <li>financial market participants act professionally, treat investors fairly;</li> <li>issuers and their officers treat customers fairly and are accountable through accurate and timely disclosure;</li> <li>financial markets are fair and efficient; and</li> <li>misconduct is dealt with and deterred.</li> </ul> <p>Providing efficient registration services:</p> <ul style="list-style-type: none"> <li>registration is efficient, accurate and cost effective for business;</li> <li>business complies with ongoing registration obligations;</li> <li>the public has easy access to information in ASIC registers; and</li> <li>misconduct is dealt with and deterred.</li> </ul>	<p>Evidenced by qualitative and quantitative measures, including:</p> <p>Promoting investor and consumer trust and confidence/market integrity</p> <ul style="list-style-type: none"> <li>Stakeholder feedback</li> <li>External data</li> <li>Published ASIC reports</li> <li>Measures of the cleanliness of Australia's listed equity markets</li> <li>ASIC operational data – surveillances and enforcement activities undertaken and results achieved</li> <li>Meetings and other engagement with stakeholders, including via external committees and panels</li> <li>Financial capability resources and tools produced</li> <li>ASIC MoneySmart accessibility and usage</li> </ul> <p>Providing efficient registration services:</p> <ul style="list-style-type: none"> <li>ASIC operational data – volume and efficiency of registry activity</li> <li>Performance against ASIC Service Charter</li> <li>Stakeholder feedback</li> <li>Case studies</li> </ul>
2019-20 and beyond	As per 2018-19	As per 2018-19
<b>Purposes</b>	ASIC is Australia's integrated corporate, financial services and consumer credit regulator. Its role includes maintaining and facilitating the performance of the financial system and promoting confident and informed participation by investors and consumers in that system.	

**Table 2. 2: Performance criteria for Outcome 1 (continued)**

<b>Program 1.2 – Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts.</b>		
ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions		
<b>Delivery</b>	Provide an accurate register of unclaimed money and special accounts administered by ASIC.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017-18	<ul style="list-style-type: none"> <li>• ensure that refunds of unclaimed monies are paid to successful claimants promptly; and</li> <li>• ensure that payments of money from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation.</li> </ul>	Process claims within 28 days of receiving all necessary claim documentation.
2018-19	As per 2017-18	As per 2017-18
2019-20 and beyond	As per 2017-18	As per 2017-18
<b>Purposes</b>	ASIC is Australia's integrated corporate, financial services and consumer credit regulator. Its role includes maintaining and facilitating the performance of the financial system and promoting confident and informed participation by investors and consumers in that system.	

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

##### **Budgeted departmental income statement**

ASIC is budgeting for a break-even operating result for 2018-19 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

##### **Budgeted departmental balance sheet**

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

ASIC's budgeted equity (or net asset position) for 2018-19 is \$145.9 million.

The 2018-19 equity position reflects the cumulative effect of capital injections of \$29.8 million received during 2018-19.

##### **Budgeted departmental statement of cash flows**

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

##### **Departmental statement of changes in equity — summary of movement**

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

## **Departmental Capital Budget statement**

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

## **Statement of asset movements — departmental**

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

## **Schedule of administered activity**

### **Schedule of budgeted income and expenses administered on behalf of government**

The schedule of budgeted income and expenses administered on behalf of government shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001* and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and section 77 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

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

### **Schedule of budgeted assets and liabilities administered on behalf of government**

The amount shown for receivables in 2018-19 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2018-19 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*, estimated claims payable under the *Banking Act 1959* and the *Life Insurance Act 1995* and companies unclaimed monies under section 77 of the PGPA Act.

### **Schedule of budgeted administered cash flows**

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

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	226,569	234,677	237,636	235,057	239,613
Suppliers	126,177	112,416	91,620	90,448	89,006
Depreciation and amortisation (a)	39,659	37,246	32,898	25,798	22,647
Finance costs	500	504	5,676	829	829
<b>Total expenses</b>	<b>392,905</b>	<b>384,843</b>	<b>367,830</b>	<b>352,132</b>	<b>352,095</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	3,698	3,662	3,720	3,720	3,720
Other revenue	4,500	4,500	4,500	4,500	4,897
<b>Total own-source revenue</b>	<b>8,198</b>	<b>8,162</b>	<b>8,220</b>	<b>8,220</b>	<b>8,617</b>
<b>Gains</b>					
Other gains	360	360	360	360	360
<b>Total gains</b>	<b>360</b>	<b>360</b>	<b>360</b>	<b>360</b>	<b>360</b>
<b>Total own-source income</b>	<b>8,558</b>	<b>8,522</b>	<b>8,580</b>	<b>8,580</b>	<b>8,977</b>
<b>Net (cost of)/contribution by services</b>	<b>(384,347)</b>	<b>(376,321)</b>	<b>(359,250)</b>	<b>(343,552)</b>	<b>(343,118)</b>
Revenue from Government	348,041	342,428	327,415	320,011	321,607
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(36,306)</b>	<b>(33,893)</b>	<b>(31,835)</b>	<b>(23,541)</b>	<b>(21,511)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Total comprehensive income/(loss)</b>	<b>(36,306)</b>	<b>(33,893)</b>	<b>(31,835)</b>	<b>(23,541)</b>	<b>(21,511)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(36,306)</b>	<b>(33,893)</b>	<b>(31,835)</b>	<b>(23,541)</b>	<b>(21,511)</b>

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>3,353</b>	<b>3,353</b>	<b>1,063</b>	<b>2,257</b>	<b>1,136</b>
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	39,659	37,246	32,898	25,798	22,647
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(36,306)</b>	<b>(33,893)</b>	<b>(31,835)</b>	<b>(23,541)</b>	<b>(21,511)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	37,199	37,199	37,199	37,199	37,199
Trade and other receivables	119,041	109,289	109,289	109,289	109,289
<b>Total financial assets</b>	<b>156,240</b>	<b>146,488</b>	<b>146,488</b>	<b>146,488</b>	<b>146,488</b>
<b>Non-financial assets</b>					
Land and buildings	26,231	25,477	26,570	26,163	25,990
Property, plant and equipment	18,674	13,558	10,466	8,755	7,767
Intangibles	91,108	98,824	88,685	85,923	85,477
Other non-financial assets	16,573	16,573	16,573	16,573	16,573
<b>Total non-financial assets</b>	<b>152,586</b>	<b>154,432</b>	<b>142,294</b>	<b>137,414</b>	<b>135,807</b>
<b>Total assets</b>	<b>308,826</b>	<b>300,920</b>	<b>288,782</b>	<b>283,902</b>	<b>282,295</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	45,571	45,571	45,571	45,571	45,571
Other payables	31,173	27,820	26,757	24,500	23,364
<b>Total payables</b>	<b>76,744</b>	<b>73,391</b>	<b>72,328</b>	<b>70,071</b>	<b>68,935</b>
<b>Provisions</b>					
Employee provisions	70,417	70,417	70,417	70,417	70,417
Other provisions	11,731	11,227	11,227	11,227	11,227
<b>Total provisions</b>	<b>82,148</b>	<b>81,644</b>	<b>81,644</b>	<b>81,644</b>	<b>81,644</b>
<b>Total liabilities</b>	<b>158,892</b>	<b>155,035</b>	<b>153,972</b>	<b>151,715</b>	<b>150,579</b>
<b>Net assets</b>	<b>149,934</b>	<b>145,885</b>	<b>134,810</b>	<b>132,187</b>	<b>131,716</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	404,419	434,263	455,023	475,941	496,981
Reserves	17,137	17,137	17,137	17,137	17,137
Retained surplus (accumulated deficit)	(271,622)	(305,515)	(337,350)	(360,891)	(382,402)
<b>Total parent entity interest</b>	<b>149,934</b>	<b>145,885</b>	<b>134,810</b>	<b>132,187</b>	<b>131,716</b>
<b>Total equity</b>	<b>149,934</b>	<b>145,885</b>	<b>134,810</b>	<b>132,187</b>	<b>131,716</b>

\*'Equity' is the residual interest in assets after the deduction of liabilities.

Prepared on Australian Accounting Standards basis.



**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(271,622)	17,137	404,419	149,934
<b>Adjusted opening balance</b>	<b>(271,622)</b>	<b>17,137</b>	<b>404,419</b>	<b>149,934</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(33,893)	-	-	(33,893)
<b>Total comprehensive income</b>	<b>(33,893)</b>	<b>-</b>	<b>-</b>	<b>(33,893)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriation	-	-	5,499	5,499
Departmental Capital Budget (DCB)	-	-	24,345	24,345
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>29,844</b>	<b>29,844</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(305,515)</b>	<b>17,137</b>	<b>434,263</b>	<b>145,885</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(305,515)</b>	<b>17,137</b>	<b>434,263</b>	<b>145,885</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations					
Receipts from Government	352,218	352,180	327,415	320,011	321,607
Sale of goods and rendering of services	3,698	3,662	3,720	3,720	3,720
Net GST received	-	-	-	-	-
Other	4,500	4,500	4,500	4,500	4,897
<b>Total cash received</b>	<b>360,416</b>	<b>360,342</b>	<b>335,635</b>	<b>328,231</b>	<b>330,224</b>
<b>Cash used</b>					
Employees	226,569	234,677	237,636	235,057	239,613
Suppliers	130,232	113,064	96,936	90,917	89,475
Other	4,069	3,353	1,063	2,257	1,136
<b>Total cash used</b>	<b>360,870</b>	<b>351,094</b>	<b>335,635</b>	<b>328,231</b>	<b>330,224</b>
<b>Net cash from/(used by) operating activities</b>	<b>(454)</b>	<b>9,248</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	38,995	39,092	20,760	20,918	21,040
<b>Total cash used</b>	<b>38,995</b>	<b>39,092</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>Net cash from/(used by) investing activities</b>	<b>38,995</b>	<b>39,092</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	39,449	29,844	20,760	20,918	21,040
<b>Total cash received</b>	<b>39,449</b>	<b>29,844</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>Net cash from/(used by) financing activities</b>	<b>39,449</b>	<b>29,844</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>Net increase/(decrease) in cash held</b>	<b>77,990</b>	<b>78,184</b>	<b>41,520</b>	<b>41,836</b>	<b>42,080</b>
Cash and cash equivalents at the beginning of the reporting period	37,199	37,199	37,199	37,199	37,199
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>37,199</b>	<b>37,199</b>	<b>37,199</b>	<b>37,199</b>	<b>37,199</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	17,264	24,345	20,760	20,918	21,040
Equity injections - Bill 2	22,185	5,499	-	-	-
<b>Total new capital appropriations</b>	<b>39,449</b>	<b>29,844</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	37,560	29,340	15,084	20,089	20,211
<i>Other Items</i>	1,889	504	5,676	829	829
<b>Total items</b>	<b>39,449</b>	<b>29,844</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	22,185	5,499	-	-	-
Funded by capital appropriation - DCB (b)	15,375	23,841	20,760	20,918	21,040
Funded internally from departmental resources (c)	1,435	9,752	-	-	-
<b>TOTAL</b>	<b>38,995</b>	<b>39,092</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	38,995	39,092	20,760	20,918	21,040
<b>Total cash used to acquire assets</b>	<b>38,995</b>	<b>39,092</b>	<b>20,760</b>	<b>20,918</b>	<b>21,040</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- internally developed assets; and
- s74 Retained revenue receipts.

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	91,185	61,804	344,716	497,705
amortisation and impairment	(64,954)	(43,130)	(253,608)	(361,692)
<b>Opening net book balance</b>	<b>26,231</b>	<b>18,674</b>	<b>91,108</b>	<b>136,013</b>
<b>Capital asset additions or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	7,037	500	31,555	39,092
<b>Total additions</b>	<b>7,037</b>	<b>500</b>	<b>31,555</b>	<b>39,092</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(7,791)	(5,616)	(23,839)	(37,246)
<b>Total other movements</b>	<b>(7,791)</b>	<b>(5,616)</b>	<b>(23,839)</b>	<b>(37,246)</b>
<b>As at 30 June 2019</b>				
Gross book value	98,222	62,304	376,271	536,797
Accumulated depreciation/ amortisation and impairment	(72,745)	(48,746)	(277,447)	(398,938)
<b>Closing net book balance</b>	<b>25,477</b>	<b>13,558</b>	<b>98,824</b>	<b>137,859</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Suppliers	574	572	571	576	579
Grants	3,583	14,610	4,613	4,645	4,664
Write-down and impairment of assets	52,212	56,907	59,267	61,308	63,508
Interest expense	5,683	5,699	5,997	6,575	7,106
Other expenses	44,862	37,121	81,027	80,946	80,591
<b>Total expenses administered on behalf of Government</b>	<b>106,914</b>	<b>114,909</b>	<b>151,475</b>	<b>154,050</b>	<b>156,448</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Other taxes	803,619	844,827	873,342	897,188	934,402
<b>Total taxation revenue</b>	<b>803,619</b>	<b>844,827</b>	<b>873,342</b>	<b>897,188</b>	<b>934,402</b>
<b>Non-taxation revenue</b>					
Fees and fines	185,723	188,678	193,754	198,589	212,772
Other Fees from Regulatory Services	60,200	50,693	115,770	116,055	116,058
Other revenue	-	232,373	231,069	243,439	245,102
<b>Total non-taxation revenue</b>	<b>245,923</b>	<b>471,744</b>	<b>540,593</b>	<b>558,083</b>	<b>573,932</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>1,049,542</b>	<b>1,316,571</b>	<b>1,413,935</b>	<b>1,455,271</b>	<b>1,508,334</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>1,049,542</b>	<b>1,316,571</b>	<b>1,413,935</b>	<b>1,455,271</b>	<b>1,508,334</b>
<b>Net (cost of)/contribution by services</b>	<b>942,628</b>	<b>1,201,662</b>	<b>1,262,460</b>	<b>1,301,221</b>	<b>1,351,886</b>
<b>Surplus/(deficit)</b>	<b>942,628</b>	<b>1,201,662</b>	<b>1,262,460</b>	<b>1,301,221</b>	<b>1,351,886</b>
<b>Total comprehensive income/(loss)</b>	<b>942,628</b>	<b>1,201,662</b>	<b>1,262,460</b>	<b>1,301,221</b>	<b>1,351,886</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,517	2,517	2,615	2,565	2,615
Taxation receivables	212	212	212	212	212
Trade and other receivables	139,889	182,568	215,268	226,641	244,107
<b>Total financial assets</b>	<b>142,618</b>	<b>185,297</b>	<b>218,095</b>	<b>229,418</b>	<b>246,934</b>
<b>Total assets administered on behalf of Government</b>	<b>142,618</b>	<b>185,297</b>	<b>218,095</b>	<b>229,418</b>	<b>246,934</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	20,396	20,896	21,396	21,896	21,896
Other payables	330,149	311,699	333,540	340,932	345,420
<b>Total payables</b>	<b>350,545</b>	<b>332,595</b>	<b>354,936</b>	<b>362,828</b>	<b>367,316</b>
<b>Total liabilities administered on behalf of Government</b>	<b>350,545</b>	<b>332,595</b>	<b>354,936</b>	<b>362,828</b>	<b>367,316</b>
<b>Net assets/(liabilities)</b>	<b>(207,927)</b>	<b>(147,298)</b>	<b>(136,841)</b>	<b>(133,410)</b>	<b>(120,382)</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and rendering of services	120,909	109,967	175,431	175,830	174,651
Taxes	803,619	844,827	873,342	897,188	934,402
Net GST received	-	-	-	-	-
Other	63,668	262,691	273,695	310,072	318,307
<b>Total cash received</b>	<b>988,196</b>	<b>1,217,485</b>	<b>1,322,468</b>	<b>1,383,090</b>	<b>1,427,360</b>
<b>Cash used</b>					
Grant	3,583	14,610	4,613	4,645	4,664
Suppliers	574	572	571	576	579
Borrowing costs	5,683	5,699	5,997	6,575	7,106
Other	67,506	55,571	59,186	73,554	76,103
<b>Total cash used</b>	<b>77,346</b>	<b>76,452</b>	<b>70,367</b>	<b>85,350</b>	<b>88,452</b>
<b>Net cash from/(used by) operating activities</b>	<b>910,850</b>	<b>1,141,033</b>	<b>1,252,101</b>	<b>1,297,740</b>	<b>1,338,908</b>
<b>Net increase/(decrease) in cash held</b>	<b>910,850</b>	<b>1,141,033</b>	<b>1,252,101</b>	<b>1,297,740</b>	<b>1,338,908</b>
Cash and cash equivalents at beginning of reporting period	1,782	2,517	2,517	2,615	2,565
Cash from Official Public Account for Appropriations	87,346	86,452	80,367	95,350	98,452
<b>Total cash from Official Public Account</b>	<b>87,346</b>	<b>86,452</b>	<b>80,367</b>	<b>95,350</b>	<b>98,452</b>
Cash to Official Public Account for Appropriations	(997,461)	(1,227,485)	(1,332,370)	(1,393,140)	(1,437,310)
<b>Total cash to Official Public Account</b>	<b>(997,461)</b>	<b>(1,227,485)</b>	<b>(1,332,370)</b>	<b>(1,393,140)</b>	<b>(1,437,310)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>2,517</b>	<b>2,517</b>	<b>2,615</b>	<b>2,565</b>	<b>2,615</b>

Prepared on Australian Accounting Standards basis.





# AUSTRALIAN TAXATION OFFICE

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# AUSTRALIAN TAXATION OFFICE

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Taxation Office's (ATO) purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. We achieve this by:

- making it easy for people to participate;
- providing contemporary and tailored services;
- maintaining purposeful and respectful relationships;
- being a professional and productive organisation; and
- building trust and confidence in the ATO and the tax and super systems more broadly.

Our vision is to be a leading tax and superannuation administration, known for its contemporary service, expertise and integrity.

Our strategic objectives underpin our purpose. The ATO Corporate Plan identifies the objectives, which are grouped into five perspectives - Government, Client, Workforce, Operational and Financial.

Critically, the integrity of the system will be maintained by supporting those who choose to do the right thing and dealing with those who do not. Ultimately, client experience and participation in the tax and superannuation systems will be the true measure of success.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	314,966	373,262
Departmental appropriation (c)	3,184,103	3,253,256
s74 Retained revenue receipts (d)	131,763	122,798
Departmental capital budget (e)	128,189	112,322
Annual appropriations - other services - non-operating		
Prior year appropriations available (b)	52,784	17,408
Equity injection (f)	27,890	28,055
Total departmental annual appropriations	3,839,695	3,907,101
Special accounts (g)		
Opening balance	4,080	3,507
Appropriation receipts (h)	14,471	17,008
<i>Total special accounts</i>	18,551	20,515
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	(18,551)	(20,515)
<b>Total departmental resourcing</b>	<b>3,839,695</b>	<b>3,907,101</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)		
Outcome 1	1,038	5,436
Total administered annual appropriations	1,038	5,436
Special appropriations		
<i>Public Governance, Performance and Accountability Act 2013 - s77 (h)</i>	100,000	100,000
<i>Product Grants and Benefits Administration Act 2000</i>		
Cleaner fuel grants	-	-
Product stewardship for oil	83,000	89,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	439,000	625,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items) (i)</i>	11,312,190	11,237,817
Total administered special appropriations	11,934,190	12,051,817
Special accounts (g)		
Opening balance	162,100	187,100
Appropriation receipts (j)	52,900	14,700
Non-appropriation receipts	5,725,000	6,717,000
<i>Total special account receipts</i>	5,940,000	6,918,800
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	(52,900)	(14,700)
<b>Total administered resourcing</b>	<b>17,822,328</b>	<b>18,961,353</b>
<b>Total resourcing for ATO</b>	<b>21,662,023</b>	<b>22,868,454</b>
	2017-18	2018-19
<b>Average staffing level (number)</b>	18,193	18,234

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2018-19

(b) Estimated adjusted balance carried from previous year for annual appropriation.

(c) Excludes departmental capital budget (DCB).

(d) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

- (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) Appropriation Bill (No. 2) 2018-19.
- (g) Excludes trust money and "other CRF money" held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (h) Amounts credited to the special account(s) from ATO's Departmental annual appropriations.
- (i) These figures relate to administered expenses such as fuel tax credits, research and development tax incentives, and Australian Screen Production Incentive. Estimated tax refunds items for 2017-18 are \$107.3 billion including \$265 million made on behalf of the ATO by the Department of Home Affairs. Estimated tax refund items for 2018-19 are \$113.0 billion including \$280 million made on behalf of the ATO by the Department of Home Affairs.
- (j) Amounts credited to the special account(s) from ATO's Administered annual and special appropriations.

### Third party payments from and on behalf of other entities

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate  \$'000
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)	3,601	3,543
Payments made to other entities for the provision of services (disclosed above)	194,062	185,677
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	111,519	116,320
Payments made to corporate entities within the Portfolio Reserve Bank of Australia	86,309	88,459

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the ATO are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Expense measures</b>						
A firm stance on tax and superannuation debts						
Departmental expenses	1.1	-	32,815	33,141	33,617	34,113
Australian Charities and Not-for-profits Commission - funding for litigation expenses						
Departmental expenses	1.4	-	1,000	-	-	-
Better targeting the research and development tax incentive						
Administered expenses	1.10	-	(330,000)	(360,000)	(390,000)	(410,000)
Departmental expenses	1.1	-	4,668	6,031	5,565	4,496
Black Economy Package - combatting illicit tobacco						
Departmental expenses	1.1	-	1,664	2,113	5,463	5,183
Black Economy Package - further expansion of taxable payments reporting						
Administered expenses	1.1	-	745	507	470	-
Departmental expenses	1.1	-	3,031	7,104	10,942	11,421
Black Economy Package - New and enhanced ATO enforcement against the Black Economy						
Departmental expenses	1.1	-	76,061	76,437	78,291	75,539
Departmental expenses	1.2	-	1,375	1,376	1,383	1,389
Black Economy Taskforce - consulting on a new regulatory framework for Australian Business Numbers						
Departmental expenses	1.1	-	-	-	-	-
Black Economy Taskforce - increasing the integrity of the Commonwealth procurement process						
Departmental expenses	1.1	-	1,183	3,786	2,248	1,634
Black Economy Taskforce - Standing Taskforce						
Departmental expenses	1.1	-	844	845	849	853

**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Combined Lifetime Limit for Tuition Fee Assistance - amendment						
Departmental expenses	1.1	-	-	574	35	35
Delivering Australia's Digital Future - data sharing and release arrangements						
Departmental expenses	1.1	-	(761)	(651)	(628)	(633)
Delivering Australia's Digital Future - modernising business registers						
Departmental expenses	1.1	-	16,600	-	-	-
Modernising Payroll and Superannuation Fund Reporting - additional funding						
Departmental expenses	1.1	-	-	-	-	-
Personal Income Tax - ensuring individuals meet their tax obligations						
Departmental expenses	1.1	-	30,678	31,547	31,322	30,838
Protecting Your Super Package - capping passive fees, banning exit fees and reuniting small and inactive superannuation accounts						
Administered expenses	1.15	-	-	235,000	5,000	5,000
Departmental expenses	1.1	-	623	1,545	667	256
Superannuation - better integrity over deductions for personal contributions						
Departmental expenses	1.1	362	882	798	522	505
Superannuation - increasing the maximum number of allowable members in self-managed superannuation funds and small APRA funds from four to six						
Departmental expenses	1.1	-	1,000	-	-	-
Tax Practitioners Board - funding						
Departmental expenses	1.2	-	3,300	4,700	7,100	5,000
<b>Total</b>		<b>362</b>	<b>(154,292)</b>	<b>44,853</b>	<b>(207,154)</b>	<b>(234,371)</b>
<b>Total expense measures</b>						
Administered		-	(329,255)	(124,493)	(384,530)	(405,000)
Departmental		362	174,963	169,346	177,376	170,629
<b>Total</b>		<b>362</b>	<b>(154,292)</b>	<b>44,853</b>	<b>(207,154)</b>	<b>(234,371)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.



**Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Capital measures</b>						
Better targeting the research and development tax incentive						
Departmental capital	1.1	-	1,718	-	-	-
Black Economy Package - combatting illicit tobacco						
Departmental capital	1.1	-	-	-	4,046	7,031
Black Economy Package - New and enhanced ATO enforcement against the Black Economy						
Departmental capital	1.1	-	1,099	253	-	-
Black Economy Taskforce - increasing the integrity of the Commonwealth procurement process						
Departmental capital	1.1	-	358	-	-	-
Combined Lifetime Limit for Tuition Fee Assistance - amendment						
Departmental capital	1.1	-	-	133	-	-
Personal Income Tax - ensuring individuals meet their tax obligations						
Departmental capital	1.1	-	6,397	-	-	-
Protecting Your Super Package - capping passive fees, banning exit fees and reuniting small and inactive superannuation accounts						
Departmental capital	1.1	-	265	-	-	-
<b>Total</b>		-	<b>9,837</b>	<b>386</b>	<b>4,046</b>	<b>7,031</b>
<b>Total capital measures</b>						
Administered		-	-	-	-	-
Departmental		-	9,837	386	4,046	7,031
<b>Total</b>		-	<b>9,837</b>	<b>386</b>	<b>4,046</b>	<b>7,031</b>

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australian Taxation Office can be found at: <https://www.ato.gov.au/About-ATO/About-us/In-detail/Strategic-direction/ATO-Corporate-plan-2017-18/>

The most recent annual performance statement can be found in the Annual Report at: <https://www.ato.gov.au/About-ATO/Access,-accountability-and-reporting/Reporting-to-parliament/Annual-report/>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Changes to program structure

The ATO has made changes to its program structure for 2018-19.

- The Exploration Development Incentive program has ceased (previously Program 1.6). This program has been moved to be reported under the Program 1.18 Other Administered.
- The Junior Mineral Exploration Incentive was enacted on 28 March 2018 replacing the Exploration Development Incentive and is now Program 1.6.

#### Outcome 1:

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

### Linked programs

#### Australian Financial Security Authority

Program 1.1 – Personal Insolvency and Trustee Services

#### Contribution to Outcome 1 made by linked programs

Australian Financial Security Authority exchanges information with the ATO and administers the bankruptcy notices and payment arrangements to support this service.

#### Australian Prudential Regulation Authority

Program 1.1 – Australian Prudential Regulation Authority

#### Contribution to Outcome 1 made by linked programs

Australian Prudential Regulation Authority (APRA) exchanges information with the ATO on superannuation matters. APRA also contributes to the governance and management of the Standard Business Reporting program.

<p><b>Australian Securities and Investments Commission</b></p>
<p>Program 1.1 – Australian Securities and Investment Commission</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Australian Securities and Investments Commission (ASIC) exchanges information with the ATO in relation to self-managed superannuation fund auditor registration, and financial crime intelligence. ASIC contributes to the management and governance of the Standard Business Reporting program.</p>
<p><b>Australian Transaction Reports and Analysis Centre</b></p>
<p>Program 1.1 – AUSTRAC</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Australian Transaction Reports and Analysis Centre (AUSTRAC) exchanges information with the ATO and delivers financial crime intelligence that assist key stakeholder agencies to make operational and intelligence decisions.</p>
<p><b>Department of Education and Training</b></p>
<p>Program 2.4 – Higher Education Loan Program</p> <p>Program 2.8 – Building Skills and Capability</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Department of Education and Training exchanges information with the ATO in relation to the Higher Education Loans Program and Trade Support Loans.</p>
<p><b>Department of the Environment and Energy</b></p>
<p>Program 1.6 – Management of Hazardous Wastes, Substances and Pollutants</p> <p>Program 2.1 – Reducing Australia’s Greenhouse Gas Emissions</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>The Department of the Environment and Energy (DoEE) works with the Australian Taxation Office in the following ways:</p> <ul style="list-style-type: none"> <li>• ATO administers financial aspects of the Product Stewardship for Oil program, pays the benefits on recycled motor oil and collects the levy on new oil entering the market from domestic sources.</li> <li>• DoEE shares information with the ATO to confirm trees meet certain conditions when a taxpayer claims a deduction under the Carbon Sink Forest measure.</li> </ul>

<p><b>Department of Health</b></p>
<p>Program 4.1 – Medical Benefits            Program 4.4 – Private Health Insurance</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Department of Health (DoH) contributes to the administrative arrangements for the Government’s Private Health Insurance Rebate. DoH also works with the ATO to deliver the Multi-Agency Data Integration Project.</p>
<p><b>Department of Human Services</b></p>
<p>Program 1.1 – Services to the Community – Social Security and Welfare            Program 1.2 – Services to the Community – Health            Program 1.3 – Child Support</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Department of Human Services supports individuals, families and communities to achieve greater self-sufficiency by providing administration and payments services on behalf of the ATO.</p>
<p><b>Department of Home Affairs</b></p>
<p>Program 3.1 – Border-Revenue Collection</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Department of Home Affairs exchanges information with the ATO, administers the Tourist Refund Scheme and collects border revenue for: Excise Equivalent Goods, Goods and Services Tax, Luxury Car Tax and Wine Equalisation Tax on behalf of the ATO.</p>
<p><b>Department of Industry, Innovation and Science</b></p>
<p>Program 1 – Supporting Science and Commercialisation            Program 2 – Growing Business Investment and Improving Business Capability            Program 3 – Program Support</p> <p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>Department of Industry, Innovation and Science work together with the ATO to enable the growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.</p>

<b>Department of the Treasury</b>
Program 1.1 – Department of the Treasury
<b>Contribution to Outcome 1 made by linked programs</b>
Department of the Treasury (Treasury) contributes to the administration of the National Tax Equivalent Regime. Treasury also exchanges information and provides advice to the ATO relating to foreign investment proposal.

**Budgeted expenses for Outcome 1**

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Australian Taxation Office</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	1,038	6,181	861	470	-
<b>Administered total</b>	<b>1,038</b>	<b>6,181</b>	<b>861</b>	<b>470</b>	<b>-</b>
Departmental expenses					
Departmental appropriation	3,010,913	3,076,336	2,915,602	2,716,189	2,712,926
s74 Retained revenue receipts (a)	131,846	122,798	126,972	127,801	131,859
Expenses not requiring appropriation in the Budget year (b)	191,935	195,169	198,459	201,806	205,211
<b>Departmental total</b>	<b>3,334,694</b>	<b>3,394,303</b>	<b>3,241,033</b>	<b>3,045,796</b>	<b>3,049,996</b>
<b>Total expenses for program 1.1</b>	<b>3,335,732</b>	<b>3,400,484</b>	<b>3,241,894</b>	<b>3,046,266</b>	<b>3,049,996</b>
<b>Program 1.2: Tax Practitioners Board</b>					
Departmental expenses					
Departmental appropriation	14,984	19,582	20,712	23,220	21,256
<b>Departmental total</b>	<b>14,984</b>	<b>19,582</b>	<b>20,712</b>	<b>23,220</b>	<b>21,256</b>
<b>Total expenses for program 1.2</b>	<b>14,984</b>	<b>19,582</b>	<b>20,712</b>	<b>23,220</b>	<b>21,256</b>
<b>Program 1.3: Australian Business Register</b>					
Departmental expenses					
Departmental appropriation	143,275	139,330	139,436	140,388	141,636
<b>Departmental total</b>	<b>143,275</b>	<b>139,330</b>	<b>139,436</b>	<b>140,388</b>	<b>141,636</b>
<b>Total expenses for program 1.3</b>	<b>143,275</b>	<b>139,330</b>	<b>139,436</b>	<b>140,388</b>	<b>141,636</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.4: Australian Charities and Not-for-profits</b>					
Departmental expenses					
Special Account					
<i>Australian Charities and Not-for-profit Commission Special Account</i>	14,388	18,008	15,062	16,856	17,589
<b>Departmental total</b>	<b>14,388</b>	<b>18,008</b>	<b>15,062</b>	<b>16,856</b>	<b>17,589</b>
<b>Total expenses for program 1.4</b>	<b>14,388</b>	<b>18,008</b>	<b>15,062</b>	<b>16,856</b>	<b>17,589</b>
<b>Program 1.5: Australian Screen Production Incentive</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	452,400	335,000	333,000	308,000	335,000
<b>Administered total</b>	<b>452,400</b>	<b>335,000</b>	<b>333,000</b>	<b>308,000</b>	<b>335,000</b>
<b>Total expenses for program 1.5</b>	<b>452,400</b>	<b>335,000</b>	<b>333,000</b>	<b>308,000</b>	<b>335,000</b>
<b>Program 1.6: Junior Minerals Exploration Incentive</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	15,000	25,000	30,000	30,000	-
<b>Administered total</b>	<b>15,000</b>	<b>25,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Total expenses for program 1.6</b>	<b>15,000</b>	<b>25,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Program 1.7: Fuel Tax Credit Scheme</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	6,913,000	6,922,000	7,241,000	7,654,000	8,114,000
<b>Administered total</b>	<b>6,913,000</b>	<b>6,922,000</b>	<b>7,241,000</b>	<b>7,654,000</b>	<b>8,114,000</b>
<b>Total expenses for program 1.7</b>	<b>6,913,000</b>	<b>6,922,000</b>	<b>7,241,000</b>	<b>7,654,000</b>	<b>8,114,000</b>
<b>Program 1.8: National Rental Affordability Scheme</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	211,790	222,817	221,680	218,779	202,310
<b>Administered total</b>	<b>211,790</b>	<b>222,817</b>	<b>221,680</b>	<b>218,779</b>	<b>202,310</b>
<b>Total expenses for program 1.8</b>	<b>211,790</b>	<b>222,817</b>	<b>221,680</b>	<b>218,779</b>	<b>202,310</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.9: Product Stewardship for Oil</b>					
Administered expenses					
Special Appropriations					
<i>Product Grants and     Benefits Administration     Act 2000 - product     stewardship (oil) benefits</i>	83,000	89,000	90,000	91,000	92,000
<b>Administered total</b>	<b>83,000</b>	<b>89,000</b>	<b>90,000</b>	<b>91,000</b>	<b>92,000</b>
<b>Total expenses for program 1.9</b>	<b>83,000</b>	<b>89,000</b>	<b>90,000</b>	<b>91,000</b>	<b>92,000</b>
<b>Program 1.10: Research &amp; Development Tax Incentive</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration     Act 1953 - section 16     (Non-refund items)</i>	2,377,000	2,373,000	2,466,000	2,566,000	2,689,000
<b>Administered total</b>	<b>2,377,000</b>	<b>2,373,000</b>	<b>2,466,000</b>	<b>2,566,000</b>	<b>2,689,000</b>
<b>Total expenses for program 1.10</b>	<b>2,377,000</b>	<b>2,373,000</b>	<b>2,466,000</b>	<b>2,566,000</b>	<b>2,689,000</b>
<b>Program 1.11: Low Income Superannuation Tax Offset</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration     Act 1953 - section 16     (Non-refund items)</i>	793,000	792,000	787,000	780,000	780,000
<b>Administered total</b>	<b>793,000</b>	<b>792,000</b>	<b>787,000</b>	<b>780,000</b>	<b>780,000</b>
<b>Total expenses for program 1.11</b>	<b>793,000</b>	<b>792,000</b>	<b>787,000</b>	<b>780,000</b>	<b>780,000</b>
<b>Program 1.12: Private Health Insurance Rebate</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration     Act 1953 - section 16     (Non-refund items)</i>	234,000	255,000	261,000	267,000	273,000
<b>Administered total</b>	<b>234,000</b>	<b>255,000</b>	<b>261,000</b>	<b>267,000</b>	<b>273,000</b>
<b>Total expenses for program 1.12</b>	<b>234,000</b>	<b>255,000</b>	<b>261,000</b>	<b>267,000</b>	<b>273,000</b>
<b>Program 1.13: Superannuation Co-contribution Scheme</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration     Act 1953 - section 16     (Non-refund items)</i>	131,000	128,000	127,000	127,000	124,000
<b>Administered total</b>	<b>131,000</b>	<b>128,000</b>	<b>127,000</b>	<b>127,000</b>	<b>124,000</b>
<b>Total expenses for program 1.13</b>	<b>131,000</b>	<b>128,000</b>	<b>127,000</b>	<b>127,000</b>	<b>124,000</b>



**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.14: Superannuation Guarantee Scheme</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration</i>					
<i>Act 1953 - section 16</i>					
<i>(Non-refund items)</i>	439,000	625,000	436,000	452,000	470,000
<b>Administered total</b>	<b>439,000</b>	<b>625,000</b>	<b>436,000</b>	<b>452,000</b>	<b>470,000</b>
<b>Total expenses for program 1.14</b>	<b>439,000</b>	<b>625,000</b>	<b>436,000</b>	<b>452,000</b>	<b>470,000</b>
<b>Program 1.15: Targeted assistance through the taxation system</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration</i>					
<i>Act 1953 - section 16</i>					
<i>(Non-refund items)</i>	33,000	13,000	248,000	19,000	19,000
<b>Administered total</b>	<b>33,000</b>	<b>13,000</b>	<b>248,000</b>	<b>19,000</b>	<b>19,000</b>
<b>Total expenses for program 1.15</b>	<b>33,000</b>	<b>13,000</b>	<b>248,000</b>	<b>19,000</b>	<b>19,000</b>
<b>Program 1.16: Interest on Overpayment and Early Payments</b>					
Administered expenses					
Special Appropriations					
<i>Taxation Administration</i>					
<i>Act 1953 - section 16</i>					
<i>(Non-refund items)</i>	145,000	165,000	165,000	165,000	165,000
<b>Administered total</b>	<b>145,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>
<b>Total expenses for program 1.16</b>	<b>145,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>	<b>165,000</b>
<b>Program 1.17: Bad &amp; Doubtful Debts &amp; Remissions</b>					
Administered expenses					
Expenses not requiring appropriation in the budget year (b)	9,051,517	8,147,000	8,345,000	8,394,000	9,011,000
<b>Administered total</b>	<b>9,051,517</b>	<b>8,147,000</b>	<b>8,345,000</b>	<b>8,394,000</b>	<b>9,011,000</b>
<b>Total expenses for program 1.17</b>	<b>9,051,517</b>	<b>8,147,000</b>	<b>8,345,000</b>	<b>8,394,000</b>	<b>9,011,000</b>
<b>Program 1.18: Other Administered</b>					
Administered expenses					
Exploration Development Incentive	-	-	-	-	-
Seafarer Tax Offset	7,000	7,000	7,000	7,000	7,000
<b>Administered total</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
<b>Total expenses for program 1.18</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>

**Table 2.1: Budgeted expenses for Outcome 1 (continued)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	1,038	6,181	861	470	-
Special appropriations	11,834,190	11,951,817	12,412,680	12,684,779	13,270,310
Expenses not requiring appropriation in the Budget year (b)	9,051,517	8,147,000	8,345,000	8,394,000	9,011,000
<b>Administered total</b>	<b>20,886,745</b>	<b>20,104,998</b>	<b>20,758,541</b>	<b>21,079,249</b>	<b>22,281,310</b>
Departmental expenses					
Departmental appropriation	3,169,172	3,235,248	3,075,750	2,879,797	2,875,818
s74 Retained revenue receipts (a)	131,846	122,798	126,972	127,801	131,859
Special accounts	14,388	18,008	15,062	16,856	17,589
Expenses not requiring appropriation in the Budget year (b)	191,935	195,169	198,459	201,806	205,211
<b>Departmental total</b>	<b>3,507,341</b>	<b>3,571,223</b>	<b>3,416,243</b>	<b>3,226,260</b>	<b>3,230,477</b>
<b>Total expenses for Outcome 1</b>	<b>24,394,086</b>	<b>23,676,221</b>	<b>24,174,784</b>	<b>24,305,509</b>	<b>25,511,787</b>

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees and other resources received free of charge.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1</b></p> <p>Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.</p>	
<p><b>Program 1.1 — Australian Taxation Office</b></p> <p>The ATO administers aspects of Australia's tax and superannuation systems providing confidence that the right amount of payments are being made and collected.</p>	
<p><b>Delivery</b></p>	<p>The ATO effectively manages and shapes the tax and superannuation systems that support and fund services for Australians, by:</p> <ul style="list-style-type: none"> <li>• collecting revenue;</li> <li>• administering the goods and services tax on behalf of the Australian States and Territories; and</li> <li>• administering major aspects of Australia's superannuation system.</li> </ul>
<p><b>Purpose (a)</b></p>	<p>The ATO contributes to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems. We achieve this by:</p> <ul style="list-style-type: none"> <li>• making it easy for people to participate;</li> <li>• providing contemporary and tailored services;</li> <li>• maintaining purposeful and respectful relationships;</li> <li>• being a professional and productive organisation; and</li> <li>• building trust and confidence in the ATO and the tax and super systems more broadly.</li> </ul>
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Confidence — Community confidence in the ATO</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2018-19. Target 2018-19: Under development Target 2019-20 and beyond: As per 2018-19</p>
<p>Satisfaction — Community satisfaction with ATO performance</p>	<p><b>Latest result (2016-17):</b> 75% Target 2018-19: Not applicable, ceased in 2017-18</p>
<p>Superannuation — Adjusted employer superannuation contributions as a proportion of adjusted salary and wages</p>	<p><b>Latest result (2016-17):</b> 10.0% Target 2018-19: Not applicable, ceased in 2017-18</p>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Registration — Proportion of companies and individuals registered in the system	<p><b>Latest result (2016-17):</b>                      Companies registered in the system: 66.62%                      Individuals registered in the system: 101.2%</p> <p>Target 2018-19: The ATO aims to ensure that all entities that are required to participate in the tax and superannuation system are registered on the ATO client register</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Lodgment — Proportion of activity statements and income tax returns lodged on time	<p><b>Latest result (2016-17):</b> 77.0% activity statements, 82.6% income tax returns (2015-16 returns)</p> <p>Target: 2018-19:                      Activity statements lodged on time: 78%                      Income tax returns lodged on time: 83%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Payment — Proportion of liabilities paid on time by value	<p><b>Latest result (2016-17):</b>                      88.2%</p> <p>Target 2018-19: 88%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Correct reporting – Tax gap as a proportion of revenue	<p><b>Latest result:</b> Refer to Commissioner of Taxation Annual Report 2016-17 (page 87) for detailed information and trends.</p> <p>Target 2018-19: Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available.</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Debt — Ratio of collectable debt to net tax collections	<p><b>Latest result (2016-17):</b> 5.6%</p> <p>Target 2018-19: Below 5.5%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Audit yield — Cash collected from direct compliance activities	<b>Latest result (2016-17):</b> \$10.2 billion Target 2018-19: Not applicable, ceased in 2017-18
Total revenue effects — Tax revenue from all compliance activities	<b>Latest result (2016-17):</b> \$15 billion Target 2018-19: \$15 billion Target 2019-20 and beyond: As per 2018-19
Tax assured — Proportion of the tax base where the ATO has justified trust that it is accurate  Tax assured — Proportion of the tax base where the ATO has justified trust that tax paid is correct based on the proportion of income, deductions and tax offsets assured (Note: change to measure name for 2018-19)	<b>Latest result (2016-17):</b> Under development Target 2018-19: Under development Target 2019-20 and beyond: As per 2018-19
Influence — Government and Treasury perceptions of the ATO and the quality of our advice	<b>Latest result:</b> Not yet reported. New measure for 2017-18. Target 2018-19: Under development Target 2019-20 and beyond: As per 2018-19
Compliance cost — Adjusted median cost to individual taxpayers of managing their tax affairs	<b>Latest result (2016-17):</b> 1.0% reduction (2015-16 returns) Target 2018-19: Remain steady Target 2019-20 and beyond: As per 2018-19
Ease — People surveyed agree the ATO makes it easy to access services and information	<b>Latest result (2016-17):</b> 75% Target 2018-19: Not applicable, ceased in 2017-18
Successful delivery — Design of the 'Future state tax and superannuation systems' initiative	<b>Latest result:</b> Not yet reported. New measure for 2017-18. Target 2018-19: Not applicable, ceased in 2017-18
Empowerment — Partner perceptions of how the ATO empowers and includes them  Working together — Partner perceptions of how the ATO is working together with them to administer the tax and superannuation system (Note: change to measure name for 2018-19)	<b>Latest result:</b> Not yet reported. New measure for 2017-18. Target 2018-19: Under development Target 2019-20 and beyond: As per 2018-19
Digital — Proportion of inbound transactions received digitally for key services	<b>Latest result (2016-17):</b> 88% Target 2018-19: 90% Target 2019-20 and beyond: As per 2018-19

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
<p>Availability — Digital systems and services availability</p> <p>Availability — Key digital systems availability (Note: change to measure name for 2018-19)</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2017-18.</p> <p>Target 2018-19: Under development</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Culture — Level of employee engagement</p>	<p><b>Latest result (2016-17):</b> 6.8 / 10</p> <p>Target 2018-19: Equal or better than the average result for large agencies</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Gender equality — Female representation in the senior executive service (SES) and executive level (EL) classifications</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2017-18.</p> <p>Target 2018- 19: 45% of SES and approx. 50% of EL staff</p> <p>Target 2019-20: Approx. 50% of SES and approx. 50% of EL staff</p> <p>Target 2020-21 and beyond: As per 2019-20</p>
<p>Indigenous representation — Proportion of ATO staff who identify as Indigenous</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2017-18.</p> <p>Target 2018- 19: 2.5%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Tax returns — Proportion of items that are pre-filled</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2017-18.</p> <p>Target 2018-19: Under development</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Security policy — Level of compliance with Protective Security Policy Framework mandatory requirements</p>	<p><b>Latest result:</b> Not yet reported. New measure for 2017-18.</p> <p>Target 2018-19: Under development</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Budget — ATO manages its operating budget to balance</p>	<p><b>Latest result (2016-17):</b> 0.13% surplus</p> <p>Target 2018-19: +/-0.6% of budget allocation</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Cost of collection — Cost to collect net \$100  Cost of collection - Cost to collect \$100 (Note: change to measure name for 2018-19)	<b>Latest result (2016-17):</b> \$0.74 (gross), \$0.81 (net) Target 2018-19: Consistent with trend Target 2019-20 and beyond: As per 2018-19

(a) Refers to updated purpose that will be reflected in the 2018-19 ATO Corporate Plan.

<p><b>Program 1.2 – Tax Practitioners Board (TPB)</b></p> <p>The TPB has the general administration of the <i>Tax Agent Services Act 2009</i> (TASA) and is responsible for the registration and regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers.</p> <p>The TPB's establishment, functions and powers are defined in the TASA. The TPB's role is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.</p>	
<p><b>Delivery</b></p>	<p>The TPB ensures that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct by:</p> <ul style="list-style-type: none"> <li>• administering a system to register tax practitioners, ensuring they have the necessary competence and personal attributes;</li> <li>• providing guidelines and information on relevant matters;</li> <li>• investigating conduct that may breach the TASA, including non-compliance with the Code of Professional Conduct (Code), and breaches of the civil penalty provisions;</li> <li>• imposing administrative sanctions for non-compliance with the Code; and</li> <li>• applying to the Federal Court in relation to contraventions of the civil penalty provisions in the TASA.</li> </ul>
<p><b>Purpose (a)</b></p>	<ol style="list-style-type: none"> <li>1. Protect all consumers of tax practitioner services by: <ul style="list-style-type: none"> <li>• ensuring that every entity that should be registered under the TASA is registered; and</li> <li>• encouraging consumers seeking tax practitioner services to only engage registered tax practitioners.</li> </ul> </li> <li>2. Maintain, protect and enhance the integrity of the registered tax practitioner profession by: <ul style="list-style-type: none"> <li>• assisting registered tax practitioners to understand their obligations under the TASA;</li> <li>• ensuring registered tax practitioners comply with their obligations under the TASA; and</li> <li>• deterring conduct by unregistered entities prohibited under the TASA.</li> </ul> </li> <li>3. Promote the TPB as an independent, efficient and effective regulator by: <ul style="list-style-type: none"> <li>• demonstrating the TPB is an effective, best-practice regulator of tax practitioners;</li> <li>• improving the TPB's technology platforms to ensure that meet the needs and expectations of the profession, consumers and staff; and</li> <li>• consulting with Treasury on any legislative matters that may impact upon the efficient and effective operation of the TASA including matters relating to the TPB's independence.</li> </ul> </li> </ol>



Performance information 2017-18	
Performance criteria	Targets
<p><b>Financial advisers that provide a tax (financial) advice service are registered and shown on the register.</b></p> <p>(i) Tax (financial) advisers that fail to renew their registration are informed that they must not continue offering or advertising tax (financial) adviser services, or representing themselves as being a tax (financial) adviser</p>	<p>(i) 100% of previously registered tax (financial) advisers are notified if they fail to renew</p> <p><b>Forecast:</b> Target achieved based on current result of 100%</p>
<p><b>Tax practitioners receive ongoing education to understand their rights and obligations</b></p> <p>(i) The events and attendance of regular webinars, consultative forums, outreach activities, open forums, and publication of enews, guidance material, practice notes etc.</p> <p>(ii) Feedback survey results on education initiatives and communication avenues, including on webpages regarding the relevance and usefulness of the content</p>	<p>(i) Maintain or improve</p> <p><b>Forecast:</b> Target achieved based on current results</p> <p>(ii) Majority of feedback is positive</p> <p><b>Forecast:</b> Target achieved based on current results</p>
<p><b>An effective complaints/referrals process for consumers, the public and other agencies, to detect, deter and respond to misconduct</b></p> <p>(i) % of all registered practitioners subject to breach finding</p> <p>(ii) % of TPB complaints subject to oversight from the Inspector General of Taxation (IGT)</p>	<p>(i) &lt;3% of tax practitioners are subject to a breach finding</p> <p><b>Forecast:</b> Target achieved based on current result of &lt;1%.</p> <p>(ii) &lt;1% of complaints are subject to oversight from the IGT</p> <p><b>Forecast:</b> Target achieved based on current result of &lt;1%.</p>
Performance information 2018-19	
Performance criteria	Targets
<b>Register tax practitioners in accordance with eligibility requirements under TASA</b>	
<p>Provide information guidance and advice to entities to help them to register</p>	<ul style="list-style-type: none"> <li>Majority of feedback on the registration process is positive</li> <li>Majority of feedback on usefulness of TPB website content, communications and education initiatives is positive</li> </ul>
<p>Register new practitioners and include them onto the tax practitioner register</p>	<p>Meet published service standards for processing registration applications</p>

<b>Performance information 2018-19</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Register tax practitioners in accordance with eligibility requirements under TASA (continued)</b>	
Ensure eligibility requirements for registration under TASA are met	Quality assurance processes demonstrate that mandatory eligibility requirements are appropriately checked and confirmed before majority of applications are approved
<b>Take action to ensure tax practitioners continue to meet eligibility requirements</b>	
Utilise the Annual Declaration process to ensure the timely termination of registered tax practitioners that no longer meet eligibility requirements	Outcomes of Annual Declaration process reflect appropriate termination of registered tax practitioners where they cease to meet eligibility requirements
Ensure that only practitioners who meet eligibility requirements remain registered	Outcomes from renewal process reflect that practitioners who cease to meet eligibility requirements are no longer registered
<b>Maintain a public register of registered and deregistered practitioners</b>	
Educate the public regarding the benefits of using registered tax practitioners and the risks of not doing so	<ul style="list-style-type: none"> <li>• Regular consumer awareness messaging</li> <li>• Number of media releases regarding unregistered conduct</li> </ul>
Ensure the register is maintained and accessible to the public	Public register is available 99% of the time
<b>Educate tax practitioners to understand their obligations under the TASA</b>	
Publish information and provide guidance and advice to registered tax practitioners to assist them to understand their duties and obligations under the TASA, including the Code of Professional Conduct	<ul style="list-style-type: none"> <li>• Regular publication of information sheets and other guidance material and eNews for tax practitioner subscribers</li> <li>• Attendance rates and feedback reflects satisfaction with Outreach events, speaking engagements and webinars</li> </ul>
Engage with recognised professional associations	Feedback reflects satisfaction with communication and consultation by the TPB

<b>Performance information 2018-19</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Investigate registered tax practitioner conduct that breaches the TASA and impose sanctions where appropriate</b>	
Maintain effective processes for registered tax practitioners, consumers, the public and other agencies to detect, deter and respond to conduct that breaches the TASA	<ul style="list-style-type: none"> <li>• Majority of cases finalised within published service standard timeframes</li> <li>• Quality assurance and quality control processes demonstrate that complaint handling aligns with the TPB's policies and procedures</li> <li>• Majority of case outcomes unvaried when reviewed by the Inspector General of Taxation</li> </ul>
Apply a targeted and strategic risk-based compliance approach	Statistics demonstrate that matters are progressed in accordance with the TPB's risk matrix
<b>Investigate conduct by unregistered entities that is prohibited under the TASA and initiate Federal Court proceedings where appropriate</b>	
Maintain effective processes to respond to conduct that is prohibited by the TASA	<ul style="list-style-type: none"> <li>• Majority of cases finalised within published service standard timeframes</li> <li>• Quality assurance and quality control processes demonstrate that complaint handling aligns with TPB's policies and procedures</li> <li>• Majority of case outcomes unvaried when reviewed by the Inspector General of Taxation</li> </ul>
Take appropriate action to deter unregistered entities from providing services prohibited by the TASA	<ul style="list-style-type: none"> <li>• Cases are finalised within published service standards</li> <li>• Majority of Federal Court decisions affirm breaches of the TASA. Following any Federal Court decision, a media release will be issued where appropriate</li> </ul>

<b>Performance information 2018-19</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Recognise professional associations and ensure they meet the eligibility requirements for registration</b>	
Assess new applications for recognition against eligibility criteria	All new applications are processed and assessed against the eligibility criteria as required under the Tax Agent Services Regulations
Utilise the Annual Declaration process to ensure recognised professional associations continue to meet eligibility requirements (including appropriate governance requirements)	Outcomes of Annual Declaration process reflect appropriate scrutiny and assurance that professional associations should remain recognised
<b>All actions and decisions are made in accordance with the law</b>	
Make evidence based, consistent, transparent, legally sound decisions that can withstand external scrutiny	Majority of decisions of the Inspector General of Taxation, AAT and Federal Court affirm TPB's procedures and decisions
<b>Ensure TPB is appropriately supported by flexible, agile and capable workforce and information technology systems</b>	
Develop and implement strategies to enable a flexible workforce and enhance staff capability	<ul style="list-style-type: none"> <li>• All staff have current individual performance and development agreements in place (compass discussions)</li> <li>• Internal TPB digital systems and services are available a majority of the time</li> </ul>
Implement priority initiatives arising from the Board and relevant Committees	<ul style="list-style-type: none"> <li>• Priority initiatives are scoped and implemented</li> <li>• Compliance with whole of government standards regarding security of information.</li> <li>• The KPIs set in the Regulator Performance Framework are met</li> </ul>

<b>Performance information 2018-19</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Engage with other government agencies particularly the ATO and the Australian Securities and Investments Commission (ASIC)</b>	
Have appropriate Memorandums of Understanding (MOU) in place to improve data exchange arrangements with relevant government agencies to allow TPB to take appropriate action under the TASA	MOUs in place with relevant government agencies
<b>Identify and raise legislative matters impacting upon the efficient and effective operation of the TASA with Treasury</b>	
Make submissions to Treasury as required	Treasury considers the TPB's submissions
<b>Performance information 2019-20 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
As per 2018-19	As per 2018-19

(a) Refers to updated purposes that will be reflected in the 2018-19 TPB Corporate Plan.

<p><b>Program 1.3 — Australian Business Register</b></p> <p>The Commissioner of Taxation is also the Registrar of the Australian Business Register (ABR). The Registrar has separate and distinct responsibilities as outlined in section 28 of the <i>A New Tax System (Australian Business Number) Act 1999</i>.</p> <p>The ABR program contributes to micro-economic reform initiatives by delivering modern business registry services that provide a source of truth for national business data, allow businesses to interact and report digitally, and reduces administrative burdens for business.</p> <p>The ABR program encompasses:</p> <ul style="list-style-type: none"> <li>• the Register, which is a trusted national business dataset and business registry services</li> <li>• Standard Business Reporting, which defines a common language for business information and standards for digital information exchange and sharing with businesses and government</li> <li>• secure authentication options, giving business easy access to a range of services.</li> </ul>	
<b>Delivery</b>	<p>The ABR program works with Government, Digital Service Providers, the business community and other key stakeholders to support a fairer business environment that fosters greater economic growth and job creation. This will be achieved through increased use of a trusted national business dataset and use of consistent information exchange standards.</p>
<b>Purpose (a)</b>	<p>The ABR program contributes to improving national productivity by:</p> <ul style="list-style-type: none"> <li>• delivering effective and efficient business registry services that provide trusted and accessible national business data</li> <li>• encourage trust and confidence in the broader use of national business data, by the community, businesses and government to promote the development of new and better services for businesses, using the ABN as a key identifier</li> <li>• reducing the administrative cost to businesses in their dealings with other businesses and government.</li> </ul>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
<p>Increased use of the ABR as the source of national business information by Government agencies and the community</p> <p>Increased use of the ABR as the national business dataset</p> <p>(Note: change to measure name for 2018-19)</p>	<p><b>Latest result (2016-17):</b> 232 government agencies using ABR Explorer (66% increase) 32.5% increase in ABN Lookup searches</p> <p><u>Target 2018-19:</u> ABR Explorer — 340 ABR Connect — 12 ABN Lookup — 1.1 billion</p> <p><u>Target 2019-20:</u> ABR Explorer — 370 ABR Connect — 14 ABN Lookup — 1.3 billion</p> <p><u>Target 2020-21:</u> ABR Explorer — 400 ABR Connect — 16 ABN Lookup — 1.5 billion</p> <p><u>Target 2021-22:</u> ABR Explorer — 420 ABR Connect — 18 ABN Lookup — 1.8 billion</p>
<p>Reduction in the administrative cost to businesses and government in dealing with each other</p>	<p><b>Latest result (2016-17):</b> \$1.39 billion</p> <p><u>Target 2018-19:</u> Total — 1.55 billion</p> <p><u>Target 2019-20:</u> Total — 1.95 billion</p> <p><u>Target 2020-21:</u> Total — 1.98 billion</p> <p><u>Target 2021-22:</u> Total — 2.00 billion</p>

(a) Refers to updated purposes that will be reflected in the 2018-19 ATO Corporate Plan.

<p><b>Program 1.4 — Australian Charities and Not-for-profits Commission</b></p> <p>The Australian Charities and Not for profits Commission (ACNC) is the independent national regulator of charities. The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers set out in the <i>Australian Charities and Not-for-profits Commission Act 2012</i> (Cth) (ACNCs Act), the <i>Charities Act 2013</i> (Cth) (the Charities Act) and accompanying regulations. The ACNC contributes to a charity sector that inspires confidence and respect by:</p> <ul style="list-style-type: none"> <li>• Adopting best practice in regulation and delivering effective regulatory services;</li> <li>• Collecting data that is securely stored, populates the register for public access and to share with authorized partners;</li> <li>• Working collaboratively across Government to reduce the administrative burden on charities;</li> <li>• Building systems and processes that support quality, efficient and effective interactions with customers;</li> <li>• Sustaining an independent, transparent and well governed agency with a positive culture and strong customer service ethos.</li> </ul>	
<p><b>Delivery</b></p>	<p>The ACNC effectively managed a regulatory system for the Australian charitable sector by:</p> <ul style="list-style-type: none"> <li>• registering eligible not-for-profit entities as charities in accordance with the <i>ACNC Act</i> and the <i>Charities Act</i>.</li> <li>• providing information, guidance and advice about good governance practices and to assist charities to meet their obligations to maintain charity registration.</li> <li>• assess concerns raised about registered charities, investigate where appropriate and initiate compliance action against charities that contravene the <i>ACNC Act</i> or Governance Standards.</li> <li>• working with other Government agencies (Commonwealth, state and territory) to reduce red tape on charities and align regulatory obligations through various mechanisms, including the ACNC's Charity Passport.</li> </ul>
<p><b>Purpose</b></p>	<ul style="list-style-type: none"> <li>• to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector;</li> <li>• to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector;</li> <li>• to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.</li> </ul>
<p><b>Performance information 2017-18</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p><b>Maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector</b></p>	
<p>Meet published service standards for processing registration applications and finalising investigations</p>	<p>Target: met                      Latest result: Target met for registration application processing                      Target not met for finalising investigations</p>



<b>Performance information 2017-18</b>	
<b>Performance criteria</b>	<b>Targets</b>
Registered charities meet their obligations to lodge an Annual Information Statement	<p>Target: 80% of charities lodge their Annual Information Statement on time</p> <p>Latest result: 90% of registered charities had submitted their 2016 Annual Information Statement</p>
Charities with two outstanding Annual Information Statements are removed from the charity register biannually	<p>Target: 100%</p> <p>Latest result: target met</p>
Information provided by charities in Annual Information Statements is analysed for accuracy	<p>Targets:</p> <ul style="list-style-type: none"> <li>• 100% of financial information submitted in the Annual Information Statements (excluding annual financial reports) is examined for material errors</li> <li>• Charities that collectively hold 80% of the sectors revenue and/or assets are each manually reviewed to confirm compliance with reporting requirements.</li> <li>• At least 150 annual financial reports are examined for detailed review to confirm compliance with reporting requirements</li> </ul> <p>Latest result: Not yet reported, new measure for 2017-18.</p>
Recognition by the Australian public of the ACNC as a primary source of information about charities increases	<p>Targets:</p> <ul style="list-style-type: none"> <li>• Public trust and confidence survey finds increasing recognition of the ACNC and its role</li> </ul> <p>Latest result: Not yet reported, new measure for 2017-18.</p> <ul style="list-style-type: none"> <li>• Charity Register and website use increases by 10%</li> </ul> <p>Latest result: Register use increased by 37% in 2016-17 Website usage increased by 20% in 2016-17</p>
An internal review of the effectiveness of the ACNC legislation to enable the ACNC to achieve the objects of the Act is completed	<p>Target: met</p> <p>Latest result: Not yet reported, new measure for 2017-18.</p>

<b>Performance information 2017-18</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector</b>	
Decisions are evidence based, consistent and transparent	Target: Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound Latest result: Not yet reported, new measure for 2017-18.
Information, guidance and advice provided to charities to help them understand their obligations and support good governance is timely accurate and accessible	Targets: <ul style="list-style-type: none"> <li>Enquiries are responded to according to the published service standards</li> </ul> Latest result: 78% of calls answered within two minutes from a target of 80% in 2016-17 <ul style="list-style-type: none"> <li>Quality assurance reviews of advice provided by staff meets a 75% or higher rating</li> </ul> Latest result: the rating achieved an 80% rating in 2016-17
Data about charities collected by the ACNC is compiled and published in comprehensive reports about the contribution charities make to society	Targets: <ul style="list-style-type: none"> <li>At least one report is released to the public analysing AIS data</li> <li>Open source data about registered charities is up to date and available on data.gov.au</li> </ul> Latest result: targets met in 2016-17
<b>Promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector</b>	
Improve data exchange arrangements to reduce red tape by simplifying and streamlining reporting for charities in highly regulated sectors and aligning obligations for state and territory regulated charities to enable report once-use-of-ten reporting for the purposes of: <ul style="list-style-type: none"> <li>State revenue</li> <li>Fundraising</li> <li>Incorporation</li> </ul>	Target: The Regulator Performance Framework demonstrates a reduction in red tape for charities  Latest result: Not yet reported. New measure for 2017-18.

<b>Performance information 2018-19</b>	
<b>Performance criteria</b>	<b>Targets</b>
<b>Maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector</b>	
Meet published service standards for processing registration applications and finalising investigations	Target: met
Registered charities meet their obligations to lodge an AIS	Target: 75% of charities lodge their AIS on time
Charities identified as being ineligible to be registered are revoked and removed from the charity register	Target: 100%
Develop, publish on the website and implement a data integrity strategy for each Annual Information Statement detailing the risk based approach to confirming accuracy of reporting	Target: met
Decisions are evidence based, consistent and transparent	Target: Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound
<b>Support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector</b>	
Information, guidance and advice provided to charities to help them understand their obligations and support good governance is timely accurate and accessible	Targets: <ul style="list-style-type: none"> <li>• Enquiries are responded to according to the published service standards</li> <li>• Quality assurance reviews of advice provided by staff meets a 75% or higher rating</li> </ul>
Data about charities collected by the ACNC is made available to the public in an accessible format	Targets: <ul style="list-style-type: none"> <li>• Publicly available data about registered charities is up to date and available on data.gov.au</li> <li>• The charity register is redesigned to better present data to inform donor decision making</li> </ul>
<b>Promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector</b>	
Reduce red tape for charities by simplifying and streamlining reporting	Target: The Regulator Performance Framework demonstrates a reduction in red tape for charities
<b>Performance information 2019-20 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
As per 2018-19	As per 2018-19

<b>Program 1.5 – 1.18 Administered programs</b>	
The ATO administers a range of payments and transfers on behalf of the Australian Government, including incentives and rebates delivered through the taxation and superannuation systems.	
<b>Delivery</b>	Administered programs may be administered by the ATO with policy and delivery assistance from other Commonwealth agencies, or directly through the taxation and superannuation systems.
<b>Purpose</b>	The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.
<b>Program 1.5 — Australian Screen Production Incentive</b>	
The Australian Screen Production Incentive comprises three refundable film tax offsets: the Producer Offset, the Location Offset, and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions. The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the program. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset. The ATO conducts verification and reconciliation with the certificates provided by the government agencies before the offset is paid to the taxpayer.	
<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Value of tax offsets processed	<p><b>Latest result (2016-17):</b> \$279.7 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.6 — Junior Minerals Exploration Incentive</b></p> <p>The Junior Minerals Exploration Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria (a)</b></p>	<p><b>Targets</b></p>
<p><i>All applications received are processed and taxpayers notified of their exploration credit allocation within 28 calendar days of the application period closing</i></p>	<p><b>Latest result:</b> Not yet reported. New measure which came into effect on 1 April 2018.</p> <p>Target 2018-19: Within 28 calendar days of the application period closing</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p><i>Public reporting data uploaded on data.gov.au (and linked to the ato.gov.au website) after determination letters are issued</i></p>	<p><b>Latest result:</b> Not yet reported. New measure which came into effect on 1 April 2018.</p> <p>Target 2018-19: Within 56 calendar days of the application period closing</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

<p><b>Program 1.7— Fuel Tax Credits Scheme</b></p> <p>The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:</p> <ul style="list-style-type: none"> <li>• business activities in machinery, plant and equipment and heavy vehicles;</li> <li>• the domestic generation of electricity by taxpayers not in business.</li> </ul>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Value of claims</p>	<p><b>Latest result (2016-17):</b> \$6.2 billion</p> <p>Target 2018-19: The ATO aims to administer the scheme in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.8 — National Rental Affordability Scheme</b></p> <p>The Department of Social Services has policy responsibility for the National Rental Affordability Scheme. The objectives are to:</p> <ul style="list-style-type: none"> <li>• increase the supply of new affordable rental housing;</li> <li>• reduce rental costs for low and moderate income households — National Rental Affordability Scheme homes rented to eligible tenants at a rate that is at least 20 per cent below the market value rent; and</li> <li>• encourage large-scale investment and innovative delivery of affordable housing through the provision of the following incentives:             <ul style="list-style-type: none"> <li>– an Australian Government incentive per dwelling per year as a tax offset or direct payment; and</li> <li>– a State or Territory Government incentive as a direct payment per dwelling per year or in-kind financial support.</li> </ul> </li> </ul>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<b>Performance criteria</b>	<b>Targets</b>
Value of tax offsets processed	<p><b>Latest result (2016-17):</b> \$166.2 million</p> <p>Target 2018-19: The ATO aims to administer the scheme in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.9 — Product Stewardship for Oil</b></p> <p>The objective of the Product Stewardship for Oil Program is to:</p> <ul style="list-style-type: none"> <li>• provide incentives to increase used oil recycling; and</li> <li>• encourage the environmentally sustainable management and re-refining of used oil and its re-use.</li> </ul> <p>These objectives are met through the payment of a levy on producers and importers of petroleum based oils and their synthetic equivalents. Benefits are paid to oil recyclers as an incentive to undertake increased recycling of used oil.</p> <p>The Department of the Environment and Energy has policy responsibility for the program, with the ATO administering the program on its behalf.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<b>Performance criteria</b>	<b>Targets</b>
Value of revenue collected	<p><b>Latest result (2016-17):</b> \$33.9 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Value of payments processed	<p><b>Latest result (2016-17):</b> \$71.9 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.10 — Research and Development Tax Incentive</b></p> <p>The Research and Development (R&amp;D) Tax Incentive is an ongoing scheme designed to increase the level of research and development being conducted by Australian companies.</p> <p>The Department of Industry has the primary policy responsibility for the program with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.</p> <p>The ATO has an important supporting role in processing claims through the tax system for the R&amp;D offset.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Value of claims processed for 38.5% non-refundable research and development tax offset claimants</p>	<p><b>Latest result (2016-17):</b> \$3.6 billion tax offset paid (based on 40% non-refundable research and development tax offset claimants)</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Value of claims processed for 43.5% refundable research and development tax offset claimants</p>	<p><b>Latest result (2016-17):</b> \$2.5 billion tax offset paid (based on 45% refundable research and development tax offset claimants)</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
<p>Number of claims processed for 38.5% non-refundable research and development tax offset claimants</p>	<p><b>Latest result (2016-17):</b> 1,812 (based on 40% non-refundable research and development tax offset claimants)</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Number of claims processed for 43.5% refundable research and development tax offset claimants	<p><b>Latest result (2016-17):</b> 11,262 (based on 45% refundable research and development tax offset claimants)</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Proportion of offsets processed within service standard timeframes	<p><b>Latest result (2016-17):</b> 42.4%</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>



**Program 1.11 — Low Income Superannuation Tax Offset**

The Low Income Superannuation Tax Offset (LISTO) is aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages.

The LISTO replaces the low income superannuation contribution (LISC) policy from 1 July 2017. LISC will continue to be payable for concessional contributions made up to and including the 2016-17 year, however, determinations will cease at 1 July 2019.

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

**Performance information 2017-18 and beyond**

Performance criteria	Targets
Value of entitlements paid	<p><b>Latest result (2016-17):</b> \$793.5 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

**Program 1.12 — Private Health Insurance Rebate**

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

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

**Performance information 2017-18 and beyond**

Performance criteria	Targets
Value of rebates processed	<p><b>Latest result (2016-17):</b> \$249.2 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.13 — Superannuation Co-contribution Scheme</b></p> <p>The Superannuation Co-contribution Scheme is to help low and middle income earners save for their retirement. Eligible individuals who make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the Government up to certain limits.</p> <p>The Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through marketing and education services.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Value of entitlements paid</p>	<p><b>Latest result (2016-17):</b>                      \$147.8 million                      Target 2018-19: The ATO aims to administer the program in accordance with the law                      Target 2019-20 and beyond: As per 2018-19</p>

<b>Program 1.14 — Superannuation Guarantee Scheme</b>	
<p>Under the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA), most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account.</p> <p>Non-compliance with the SGAA by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement.</p>	
<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result	<p><b>Latest result (2016-17):</b> 5,598 liability being raised; 7,060 no result</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures	<p><b>Latest result (2016-17):</b> 69,705 compliance activities; 77,344 voluntary disclosures</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Number of employers whose records are checked and the number leading to a superannuation liability being raised	<p><b>Latest result (2016-17):</b> 16,874 (checked); 7,700 (liability raised)</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
Proportion of employers for whom superannuation guarantee liabilities were raised by the ATO	<p><b>Latest result (2016-17):</b> 0.9%</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p>Value of superannuation guarantee charge:</p> <ul style="list-style-type: none"> <li>• raised (including penalties and interest)</li> <li>• collected</li> </ul>	<p><b>Latest result (2016-17):</b> \$603.5 million raised; \$282.9 million collected</p> <p>Target 2018-19 (raised): \$841 million</p> <p>Target 2019-20: \$852 million</p> <p>Target 2020-21: \$885 million</p> <p>Target 2021-22: \$920 million</p> <p>Target 2018-19 (collected): \$311 million</p> <p>Target 2019-20: \$304 million</p> <p>Target 2020-21: \$314 million</p> <p>Target 2021-22: \$327 million</p>

<b>Performance information 2017-18 and beyond</b>	
<b>Performance criteria</b>	<b>Targets</b>
Value of superannuation guarantee entitlements distributed to individuals or superannuation funds	<b>Latest result (2016-17):</b> \$281.1 million Target 2018-19: \$285 million Target 2019-20: \$295 million Target 2020-21: \$306 million Target 2021-22: \$318 million
Value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue	<b>Latest result (2016-17):</b> \$1.5 billion debt on hand; \$167.0 million not pursued Target 2018-19: \$3.4 billion debt on hand; \$178 million written off Target 2019-20 and beyond: As per 2018-19

<p><b>Program 1.15 — Targeted Assistance Through the Taxation System</b></p> <p>Under the <i>Superannuation (Unclaimed Money and Lost Members) Act 1999</i>, superannuation funds must identify certain types of lost and former temporary resident accounts as unclaimed superannuation money and transfer amounts to the ATO every six months.</p> <p>Since 1 July 2013, any unclaimed superannuation money payments from the ATO to individuals includes interest, at a rate equivalent to the consumer price index, to preserve the value of these accounts. While the Treasury has policy responsibility, the ATO administers the program.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Value of interest payments processed</p>	<p><b>Latest result (2016-17):</b> \$14.2 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.16 — Interest on Overpayment and Early Payments of Tax</b></p> <p>The objective of the program is to apply credit interest to taxpayers' accounts where they are entitled under the law.</p> <p>The application of credit interest is non-discretionary where an entitlement exists under the <i>Taxation (Interest on Overpayments and Early Payments) Act 1983</i>. Administered interest regimes include:</p> <ul style="list-style-type: none"> <li>• interest on overpayments of tax;</li> <li>• delayed refund interest; and</li> <li>• interest on early payments of tax.</li> </ul>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Value of credit interest applied to client accounts due to processing performance</p>	<p><b>Latest result (2016-17):</b> \$29.8 million</p> <p>Target 2018-19: The ATO aims to administer the program in accordance with the law</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.17 — Bad and Doubtful Debts and Remissions</b></p> <p>The primary objective of the program is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.</p> <p>The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with Australian Accounting Standards, creates an impairment allowance provision for this amount. This provision is one of the amounts offset against the gross total taxation receivables to determine the net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p>Provision for bad and doubtful debts as a proportion of total tax receivables</p>	<p><b>Latest result (2016-17):</b> 36%</p> <p>Target 2018-19: Below 35%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>

<p><b>Program 1.18 — Other administered</b></p> <p>The <b>Seafarer Tax Offset</b> commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers. A Bill to abolish the Seafarer Tax Offset was tabled in Parliament, but has now lapsed. There has been no Government announcement on the future of the Seafarer Tax Offset since the lapsing of the Bill.</p> <p>The <b>Exploration Development Incentive (EDI)</b> is in its final year (2017-18) of allowing eligible small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration. As announced by the Government on 2 September 2017, the Junior Minerals Exploration Incentive will replace the EDI.</p>	
<p><b>Performance information 2017-18 and beyond</b></p>	
<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
<p><b>Seafarer Tax Offset</b></p>	
<p>Eligible taxpayers are aware of how to claim the offset</p>	<p><b>Latest result (2016-17):</b> 100%</p> <p>Target 2018-19: 100%</p> <p>Target 2019-20 and beyond: As per 2018-19</p>
<p><b>Exploration Development Incentive (EDI)</b></p>	
<p>Modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders</p>	<p><b>Latest result (2016-17):</b> Yes — provided before target date of 31 December 2016</p> <p>Target 2018-19: Not applicable, ceased as PBS measure in 2017-18.</p>

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

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

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

##### **Departmental comprehensive income statement (Table 3.1)**

ATO is budgeting for a balanced operating result in 2018-19, therefore allowing for unfunded depreciation expenses of \$192.2 million. Under net cash funding arrangements, asset replacement is funded through capital appropriation.

Total operating revenue for 2018-19 is estimated at \$3.4 billion while expenditure is estimated to be \$3.6 billion, inclusive of unfunded depreciation. These budgeted amounts have increased since the 2017-18 Additional estimates mainly due to new Budget expense measures, changes in own-source income and indexation movements.

##### **Departmental Balance Sheet (Table 3.2)**

ATO's budgeted net assets as at 30 June 2019 is expected to be \$186.8 million. Net assets have decreased by \$29.2 million since 2017-18 Additional Estimates mainly due to increases in depreciation expense.

##### **Departmental Cash Flow (Table 3.4)**

The cash flow in 2018-19 has changed since the 2017-18 Additional Estimates, mainly due to new Budget measures, changes in expenses, movement in capital expenditure and changes in own-source revenue.

##### **Departmental Capital Budget Statement (Table 3.5)**

Total capital appropriations in 2018-19 have increased by \$9.8 million since the 2017-18 Additional Estimates, as a net result of new capital measures.

Total purchase of non-financial assets in 2018-19 have increased by \$13.6 million since the 2017-18 Additional Estimates, primarily due to new capital measures and the movement of prior year capital expenditure.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	1,916,855	1,951,665	1,938,268	1,938,002	1,938,157
Suppliers	1,401,551	1,427,389	1,282,516	1,089,452	1,090,109
Depreciation and amortisation (a)	188,935	192,169	195,459	198,806	202,211
<b>Total expenses</b>	<b>3,507,341</b>	<b>3,571,223</b>	<b>3,416,243</b>	<b>3,226,260</b>	<b>3,230,477</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	131,846	122,798	126,972	127,801	131,859
Other	3,000	3,000	3,000	3,000	3,000
<b>Total own-source revenue</b>	<b>134,846</b>	<b>125,798</b>	<b>129,972</b>	<b>130,801</b>	<b>134,859</b>
<b>Total own-source income</b>	<b>134,846</b>	<b>125,798</b>	<b>129,972</b>	<b>130,801</b>	<b>134,859</b>
<b>Net (cost of)/contribution by services</b>	<b>(3,372,495)</b>	<b>(3,445,425)</b>	<b>(3,286,271)</b>	<b>(3,095,459)</b>	<b>(3,095,618)</b>
Revenue from Government	3,183,560	3,253,256	3,090,812	2,896,653	2,893,407
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(188,935)</b>	<b>(192,169)</b>	<b>(195,459)</b>	<b>(198,806)</b>	<b>(202,211)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	188,935	192,169	195,459	198,806	202,211
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(188,935)</b>	<b>(192,169)</b>	<b>(195,459)</b>	<b>(198,806)</b>	<b>(202,211)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.



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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	22,542	22,614	22,671	22,729	22,788
Trade and other receivables	422,769	443,344	462,722	452,763	449,358
<b>Total financial assets</b>	<b>445,311</b>	<b>465,958</b>	<b>485,393</b>	<b>475,492</b>	<b>472,146</b>
<b>Non-financial assets</b>					
Building - Leasehold Improvements	195,644	197,278	217,032	225,450	252,142
Plant and Equipment	73,090	63,739	65,613	58,369	60,779
Intangibles - computer software	519,682	479,348	381,264	304,553	200,155
Other non-financial assets	81,898	79,323	78,909	78,868	79,271
<b>Total non-financial assets</b>	<b>870,314</b>	<b>819,688</b>	<b>742,818</b>	<b>667,240</b>	<b>592,347</b>
<b>Total assets</b>	<b>1,315,625</b>	<b>1,285,646</b>	<b>1,228,211</b>	<b>1,142,732</b>	<b>1,064,493</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	289,514	294,747	295,555	294,147	289,693
Employees	18,804	18,544	43,955	41,711	49,471
Other payables	78,514	66,873	55,701	45,468	35,308
<b>Total payables</b>	<b>386,832</b>	<b>380,164</b>	<b>395,211</b>	<b>381,326</b>	<b>374,472</b>
<b>Provisions</b>					
Employee provisions	662,485	693,834	700,774	707,783	714,862
Other provisions	27,722	24,854	21,888	18,822	15,654
<b>Total provisions</b>	<b>690,207</b>	<b>718,688</b>	<b>722,662</b>	<b>726,605</b>	<b>730,516</b>
<b>Total liabilities</b>	<b>1,077,039</b>	<b>1,098,852</b>	<b>1,117,873</b>	<b>1,107,931</b>	<b>1,104,988</b>
<b>Net assets</b>	<b>238,586</b>	<b>186,794</b>	<b>110,338</b>	<b>34,801</b>	<b>(40,495)</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,609,450	1,749,827	1,868,830	1,992,099	2,119,014
Reserves	115,518	115,518	115,518	115,518	115,518
Retained surplus (accumulated deficit)	(1,486,382)	(1,678,551)	(1,874,010)	(2,072,816)	(2,275,027)
<b>Total equity</b>	<b>238,586</b>	<b>186,794</b>	<b>110,338</b>	<b>34,801</b>	<b>(40,495)</b>

\*'Equity' is the residual interest in assets after the deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(1,486,382)	115,518	1,609,450	238,586
<b>Adjusted opening balance</b>	<b>(1,486,382)</b>	<b>115,518</b>	<b>1,609,450</b>	<b>238,586</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(192,169)	-	-	(192,169)
<b>Total comprehensive income</b>	<b>(192,169)</b>	<b>-</b>	<b>-</b>	<b>(192,169)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriation	-	-	28,055	28,055
Departmental Capital Budget (DCB)	-	-	112,322	112,322
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>140,377</b>	<b>140,377</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(1,678,551)</b>	<b>115,518</b>	<b>1,749,827</b>	<b>186,794</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(1,678,551)</b>	<b>115,518</b>	<b>1,749,827</b>	<b>186,794</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	3,428,077	3,516,872	3,355,130	3,191,312	3,187,690
Sale of goods and rendering of services	131,856	123,067	127,202	127,737	131,451
Net GST received	137,515	123,056	110,122	92,915	84,053
<b>Total cash received</b>	<b>3,697,448</b>	<b>3,762,995</b>	<b>3,592,454</b>	<b>3,411,964</b>	<b>3,403,194</b>
<b>Cash used</b>					
Employees	1,883,214	1,920,576	1,905,917	1,933,237	1,923,318
Suppliers	1,389,794	1,418,747	1,278,359	1,087,957	1,092,183
Net GST paid	134,508	121,055	107,370	88,911	84,193
s74 Retained revenue receipts transferred to OPA	287,990	286,464	286,681	288,639	290,325
Other	6,256	12,340	14,070	13,162	13,116
<b>Total cash used</b>	<b>3,701,762</b>	<b>3,759,182</b>	<b>3,592,397</b>	<b>3,411,906</b>	<b>3,403,135</b>
<b>Net cash from/(used by) operating activities</b>	<b>(4,314)</b>	<b>3,813</b>	<b>57</b>	<b>58</b>	<b>59</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	201,779	144,118	119,003	123,269	126,915
<b>Total cash used</b>	<b>201,779</b>	<b>144,118</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<b>Net cash from/(used by) investing activities</b>	<b>(201,779)</b>	<b>(144,118)</b>	<b>(119,003)</b>	<b>(123,269)</b>	<b>(126,915)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Capital Injections	205,520	140,377	119,003	123,269	126,915
<b>Total cash received</b>	<b>205,520</b>	<b>140,377</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<b>Net cash from/(used by) financing activities</b>	<b>205,520</b>	<b>140,377</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<b>Net increase/(decrease) in cash held</b>	<b>(573)</b>	<b>72</b>	<b>57</b>	<b>58</b>	<b>59</b>
Cash and cash equivalents at the beginning of the reporting period	23,115	22,542	22,614	22,671	22,729
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>22,542</b>	<b>22,614</b>	<b>22,671</b>	<b>22,729</b>	<b>22,788</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	128,189	112,322	112,407	113,175	113,836
Equity injections - Bill 2	27,890	28,055	6,596	10,094	13,079
<b>Total new capital appropriations</b>	<b>156,079</b>	<b>140,377</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>156,079</i>	<i>140,377</i>	<i>119,003</i>	<i>123,269</i>	<i>126,915</i>
<b>Total items</b>	<b>156,079</b>	<b>140,377</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	63,266	31,796	6,596	10,094	13,079
Funded by capital appropriation - DCB (b)	140,036	112,322	112,407	113,175	113,836
<b>TOTAL</b>	<b>203,302</b>	<b>144,118</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	156,079	140,377	119,003	123,269	126,915
<b>Total cash used to acquire assets</b>	<b>156,079</b>	<b>140,377</b>	<b>119,003</b>	<b>123,269</b>	<b>126,915</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	254,641	105,311	1,605,462	1,965,414
Accumulated depreciation/ amortisation and impairment	(58,997)	(32,221)	(1,085,780)	(1,176,998)
<b>Opening net book balance</b>	<b>195,644</b>	<b>73,090</b>	<b>519,682</b>	<b>788,416</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	-	-	31,796	31,796
By purchase - appropriation ordinary annual services (b)	28,864	5,623	77,835	112,322
<b>Total additions</b>	<b>28,864</b>	<b>5,623</b>	<b>109,631</b>	<b>144,118</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(27,230)	(14,974)	(149,965)	(192,169)
<b>Total other movements</b>	<b>(27,230)</b>	<b>(14,974)</b>	<b>(149,965)</b>	<b>(192,169)</b>
<b>As at 30 June 2019</b>				
Gross book value	283,505	110,934	1,715,093	2,109,532
Accumulated depreciation/ amortisation and impairment	(86,227)	(47,195)	(1,235,745)	(1,369,167)
<b>Closing net book balance</b>	<b>197,278</b>	<b>63,739</b>	<b>479,348</b>	<b>740,365</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Suppliers	1,038	6,181	861	470	-
Subsidies	10,059,190	9,973,817	10,388,680	10,874,779	11,439,310
Personal Benefits	1,158,000	1,175,000	1,175,000	1,174,000	1,177,000
Penalty and interest charge remission expenses	2,000,000	1,480,000	1,570,000	1,660,000	1,760,000
Write-down and impairment of assets	7,051,517	6,667,000	6,775,000	6,734,000	7,251,000
Interest on overpayments	145,000	165,000	165,000	165,000	165,000
Superannuation guarantee charge	439,000	625,000	436,000	452,000	470,000
Other expenses	33,000	13,000	248,000	19,000	19,000
<b>Total expenses administered on behalf of Government</b>	<b>20,886,745</b>	<b>20,104,998</b>	<b>20,758,541</b>	<b>21,079,249</b>	<b>22,281,310</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Income Tax	313,538,245	329,885,847	345,996,913	367,411,763	390,720,073
Indirect Tax	90,870,000	95,180,000	98,690,000	103,950,000	109,020,000
Other taxes	2,774,100	3,158,000	3,087,600	3,211,000	3,349,800
<b>Total taxation revenue</b>	<b>407,182,345</b>	<b>428,223,847</b>	<b>447,774,513</b>	<b>474,572,763</b>	<b>503,089,873</b>
<b>Non-taxation revenue</b>					
Unclaimed Superannuation Monies	18,000	242,000	322,000	172,000	172,000
Other Revenue	-	3,300	4,700	7,100	5,000
<b>Total Non-taxation revenue</b>	<b>18,000</b>	<b>245,300</b>	<b>326,700</b>	<b>179,100</b>	<b>177,000</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>407,200,345</b>	<b>428,469,147</b>	<b>448,101,213</b>	<b>474,751,863</b>	<b>503,266,873</b>
<b>Net cost of/(contribution by) services</b>	<b>(386,313,600)</b>	<b>(408,364,149)</b>	<b>(427,342,672)</b>	<b>(453,672,614)</b>	<b>(480,985,563)</b>
<b>Surplus/(deficit)</b>	<b>386,313,600</b>	<b>408,364,149</b>	<b>427,342,672</b>	<b>453,672,614</b>	<b>480,985,563</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	438,708	438,708	438,708	438,708	438,708
<b>Total financial assets</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>
<b>Non-financial assets</b>					
Taxation Receivables	22,719,611	24,652,611	26,173,611	27,049,611	28,204,611
Other receivables	(3,286)	(3,286)	(3,286)	(3,286)	(3,286)
Accrued Revenues	14,999,197	15,734,197	16,184,197	17,004,197	17,774,197
<b>Total non-financial assets</b>	<b>37,715,522</b>	<b>40,383,522</b>	<b>42,354,522</b>	<b>44,050,522</b>	<b>45,975,522</b>
<b>Total assets administered on behalf of Government</b>	<b>38,154,230</b>	<b>40,822,230</b>	<b>42,793,230</b>	<b>44,489,230</b>	<b>46,414,230</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Subsidies	34,689	34,689	34,689	34,689	34,689
Personal benefits	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)
Superannuation guarantee charge	7,588	7,588	7,588	7,588	7,588
Taxation refunds due	1,221,309	1,221,309	1,221,309	1,221,309	1,221,309
Superannuation holding account	96,587	104,587	107,287	111,387	115,787
Other payables	7,998	2,698	4,098	4,398	3,398
<b>Total payables</b>	<b>1,366,716</b>	<b>1,369,416</b>	<b>1,373,516</b>	<b>1,377,916</b>	<b>1,381,316</b>
<b>Provisions</b>					
Subsidies	4,189,149	4,027,122	4,146,680	4,264,661	4,372,862
Personal Benefits	1,220,000	1,225,000	1,231,000	1,238,000	1,241,000
Income taxation refunds provided	901,458	901,458	901,458	901,458	901,458
Indirect taxation refunds provided	241,349	241,349	241,349	241,349	241,349
Superannuation guarantee payments	661,191	790,191	792,191	850,191	911,191
Unclaimed superannuation payments	898,022	792,022	2,723,022	1,839,022	1,536,022
Targeted Assistance though the Taxation Program	92,000	90,000	191,000	177,000	168,000
<b>Total provisions</b>	<b>8,203,169</b>	<b>8,067,142</b>	<b>10,226,700</b>	<b>9,511,681</b>	<b>9,371,882</b>
<b>Total liabilities administered on behalf of Government</b>	<b>9,569,885</b>	<b>9,436,558</b>	<b>11,600,216</b>	<b>10,889,597</b>	<b>10,753,198</b>
<b>Net assets/(liabilities)</b>	<b>28,584,345</b>	<b>31,385,672</b>	<b>31,193,014</b>	<b>33,599,633</b>	<b>35,661,032</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Income Tax	306,488,245	324,275,847	340,566,913	362,881,763	385,470,073
Indirect Tax	88,900,000	93,930,000	98,010,000	102,700,000	107,860,000
Other Tax	(484,900)	(797,000)	(968,400)	(1,104,000)	(1,181,200)
Other Receipts	239,900	154,000	2,123,700	(683,200)	(104,900)
<b>Total cash received</b>	<b>395,143,245</b>	<b>417,562,847</b>	<b>439,732,213</b>	<b>463,794,563</b>	<b>492,043,973</b>
<b>Cash used</b>					
Subsidies paid	10,045,286	10,135,844	10,269,122	10,756,798	11,331,109
Personal benefits	1,154,000	1,170,000	1,169,000	1,167,000	1,174,000
Supplier	1,038	6,181	861	470	-
Superannuation holding account	44,900	12,000	11,900	12,300	12,700
Interest	145,000	165,000	165,000	165,000	165,000
Other	416,000	511,000	581,000	427,000	437,000
<b>Total cash used</b>	<b>11,806,224</b>	<b>12,000,025</b>	<b>12,196,883</b>	<b>12,528,568</b>	<b>13,119,809</b>
<b>Net cash from/ (used by) operating activities</b>	<b>383,337,021</b>	<b>405,562,822</b>	<b>427,535,330</b>	<b>451,265,995</b>	<b>478,924,164</b>
<b>Net increase/ (decrease) in cash held</b>	<b>383,337,021</b>	<b>405,562,822</b>	<b>427,535,330</b>	<b>451,265,995</b>	<b>478,924,164</b>
Cash and cash equivalents at beginning of reporting period	438,708	438,708	438,708	438,708	438,708
Cash from Official Public Account for:					
- Appropriations	11,866,162	12,088,025	12,284,983	12,616,268	13,207,109
- Special Accounts	44,900	12,000	11,900	12,300	12,700
<b>Total cash from official public account</b>					
Cash to Official Public Account for:					
- Appropriations	(395,195,183)	(417,648,147)	(439,816,213)	(463,877,863)	(492,127,873)
- Special Accounts	(52,900)	(14,700)	(16,000)	(16,700)	(16,100)
<b>Cash and cash equivalents at end of reporting period</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>	<b>438,708</b>

Prepared on Australian Accounting Standards basis.



# COMMONWEALTH GRANTS COMMISSION

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# COMMONWEALTH GRANTS COMMISSION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Grants Commission (the Commission) operates under the *Commonwealth Grants Commission Act 1973*. It is a statutory authority whose role is to provide advice to the Australian Government in response to terms of reference.

The main subject on which the advice is sought is the allocation among the States of the goods and services tax (GST) revenue. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered by the Council on Federal Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local government matters and the financing of services for Indigenous people. Terms of reference for those inquiries are developed by relevant Australian Government entities and the reports are considered by their Ministers.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the Commission's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,992	5,992
Departmental appropriation (c)	6,107	6,067
Departmental capital budget (d)	62	61
Total departmental annual appropriations	<u>12,161</u>	<u>12,120</u>
<b>Total departmental resourcing</b>	<b>12,161</b>	<b>12,120</b>
<hr/>		
<b>Average staffing level (number)</b>	<u>30</u>	<u>30</u>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes \$19,000 subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Commonwealth Grant Commission are detailed in Budget Paper No. 2 and are summarised below.

#### Table 1.2: Entity 2018-19 Budget measures

##### Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Commonwealth Grants Commission has no new budget measures.

##### Part 2: Other measures not previously reported in a portfolio statement

		2017-18	2018-19	2019-20	2020-21
	Program	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(19)	(19)	(19)	(18)
<b>Total</b>		<b>(19)</b>	<b>(19)</b>	<b>(19)</b>	<b>(18)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in MYEFO under the Treasury portfolio.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

The Commonwealth Grants Commission has amended its outcome statement since the last portfolio statement.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the Commonwealth Grants Commission can be found at: <https://cgc.gov.au>.

The most recent annual performance statement can be found in the latest Annual Report at: <https://cgc.gov.au>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome broken down by Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Commonwealth Grants Commission</b>					
Departmental expenses					
Departmental appropriation	6,107	6,067	6,058	6,088	6,136
Expenses not requiring appropriation in the Budget year (a)	108	108	108	106	106
<b>Departmental total</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>Total expenses for program 1.1</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>Total expenses for Outcome 1</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	30	30			

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for the program associated with Outcome 1. It also summarises how the program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue</b>		
<b>Program 1.1 – The Commission makes recommendations on the distribution of the GST pool, which are considered by Government</b>		
<b>Delivery</b>	The Commission will prepare a report, on an annual basis, recommending the distribution of the GST pool to the States and Territories.	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>2017–18</b>	<b>2018–19 and the forward estimates</b>
Quality of research, the accuracy of calculations and the acceptance of the results presented to Government in response to terms of reference.	Fully met.	Fully met.
<b>Purpose</b>	<p>The Commission's sole function is to provide advice to the Australian Government in response to terms of reference from the Treasurer.</p> <p>The main subject on which advice is sought is the allocation among the states of the revenue from the GST. However, from time to time, the Commission is also asked to report on the finances of Australia's external territories, local government matters and the financing of services for indigenous people.</p> <p>Terms of reference for those inquiries are developed by relevant Australian Government agencies, sent to the Commission by the Treasurer, to whom the Commission provides any required reports.</p>	



## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between the financial information presented in the Budget Papers (most notably Budget Paper No. 1: Budget Strategy and Outlook) and Portfolio Budget Statements as a result of differences between whole-of-government level financial reporting

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The financial statements have been prepared on an Australian Accounting Standards basis.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	4,847	4,846	4,944	4,900	4,975
Suppliers	1,305	1,266	1,159	1,233	1,206
Depreciation and amortisation	63	63	63	61	61
<b>Total expenses</b>	<b>6,215</b>	<b>6,175</b>	<b>6,166</b>	<b>6,194</b>	<b>6,242</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	45	45	45	45	45
<b>Total gains</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Total own-source income</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
<b>Net (cost of)/contribution by services</b>	<b>(6,170)</b>	<b>(6,130)</b>	<b>(6,121)</b>	<b>(6,149)</b>	<b>(6,197)</b>
Revenue from Government	6,107	6,067	6,058	6,088	6,136
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(63)</b>	<b>(63)</b>	<b>(63)</b>	<b>(61)</b>	<b>(61)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	63	63	63	61	61
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(63)</b>	<b>(63)</b>	<b>(63)</b>	<b>(61)</b>	<b>(61)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	112	112	112	112	112
Trade and other receivables	5,890	5,890	5,890	5,890	5,890
<b>Total financial assets</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>	<b>6,002</b>
<b>Non-financial assets</b>					
Land and buildings	353	353	353	353	353
Property, plant and equipment	199	197	195	195	195
Other non-financial assets	36	36	36	36	36
<b>Total non-financial assets</b>	<b>588</b>	<b>586</b>	<b>584</b>	<b>584</b>	<b>584</b>
<b>Total assets</b>	<b>6,590</b>	<b>6,588</b>	<b>6,586</b>	<b>6,586</b>	<b>6,586</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	108	108	108	108	108
Other payables	230	230	230	230	230
<b>Total payables</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>	<b>338</b>
<b>Provisions</b>					
Employee provisions	1,573	1,573	1,573	1,573	1,573
<b>Total provisions</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>	<b>1,573</b>
<b>Total liabilities</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>	<b>1,911</b>
<b>Net assets</b>	<b>4,679</b>	<b>4,677</b>	<b>4,675</b>	<b>4,675</b>	<b>4,675</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	252	313	374	435	496
Reserves	552	552	552	552	552
Retained surplus (accumulated deficit)	3,875	3,812	3,749	3,688	3,627
<b>Total equity</b>	<b>4,679</b>	<b>4,677</b>	<b>4,675</b>	<b>4,675</b>	<b>4,675</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	3,875	552	252	4,679
<b>Adjusted opening balance</b>	<b>3,875</b>	<b>552</b>	<b>252</b>	<b>4,679</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(63)	-	-	(63)
<b>Total comprehensive income</b>	<b>(63)</b>	<b>-</b>	<b>-</b>	<b>(63)</b>
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	61	61
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>3,812</b>	<b>552</b>	<b>313</b>	<b>4,677</b>
<b>Closing balance attributable to the Australian Government</b>	<b>3,812</b>	<b>552</b>	<b>313</b>	<b>4,677</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	6,107	6,067	6,058	6,088	6,136
<b>Total cash received</b>	<b>6,107</b>	<b>6,067</b>	<b>6,058</b>	<b>6,088</b>	<b>6,136</b>
<b>Cash used</b>					
Employees	4,847	4,846	4,944	4,900	4,975
Suppliers	1,260	1,221	1,114	1,188	1,161
<b>Total cash used</b>	<b>6,107</b>	<b>6,067</b>	<b>6,058</b>	<b>6,088</b>	<b>6,136</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	62	61	61	61	61
<b>Total cash used</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net cash from/(used by) investing activities</b>	<b>(62)</b>	<b>(61)</b>	<b>(61)</b>	<b>(61)</b>	<b>(61)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	62	61	61	61	61
<b>Total cash received</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net cash from/(used by) financing activities</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	112	112	112	112	112
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	62	61	61	61	61
<b>Total new capital appropriations</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	62	61	61	61	61
<b>Total items</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	62	61	61	61	61
<b>TOTAL</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	62	61	61	61	61
<b>Total cash used to acquire assets</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Land & buildings \$'000	Other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	494	433	927
Accumulated depreciation/ amortisation and impairment	(141)	(234)	(375)
<b>Opening net book balance</b>	<b>353</b>	<b>199</b>	<b>552</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation ordinary annual services (a)	-	61	61
<b>Total additions</b>	<b>-</b>	<b>61</b>	<b>61</b>
<b>Other movements</b>			
Depreciation/amortisation expense	-	(63)	(63)
<b>Total other movements</b>	<b>-</b>	<b>(63)</b>	<b>(63)</b>
<b>As at 30 June 2019</b>			
Gross book value	494	494	988
Accumulated depreciation/ amortisation and impairment	(141)	(297)	(438)
<b>Closing net book balance</b>	<b>353</b>	<b>197</b>	<b>550</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.





# INSPECTOR-GENERAL OF TAXATION

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# INSPECTOR-GENERAL OF TAXATION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2018-19 is to achieve this by delivering independent advice for improvement through:

- an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the IGT for its operations and to deliver programs and services on behalf of the Government.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,674	6,082
Departmental appropriation (c)	6,475	6,451
Departmental capital budget (d)	30	30
<i>Total departmental annual appropriations</i>	<i>12,179</i>	<i>12,563</i>
<b>Total departmental resourcing</b>	<b>12,179</b>	<b>12,563</b>
<b>Total resourcing for the Inspector-General of Taxation</b>	<b>12,179</b>	<b>12,563</b>
	<i>2017-18</i>	2018-19
<b>Average staffing level (number)</b>	<b>35</b>	<b>35</b>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes \$0.5m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the IGT are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Entity 2018-19 Budget measures**

**Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

The IGT has no new budget measures.

**Part 2: Other measures not previously reported in a portfolio statement**

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Expense measures</b>					
Treasury Portfolio - efficiencies (a)					
Departmental revenue	1.1	(20)	(20)	(20)	(19)
<b>Total</b>		<b>(20)</b>	<b>(20)</b>	<b>(20)</b>	<b>(19)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in Budget Paper No. 2 under the Treasury portfolio.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for Inspector-General of Taxation can be found at:  
<http://igt.gov.au/about-us/accountability-and-reporting/corporate-plan-2017-18/>

The most recent annual performance statement can be found in the Annual Report at:  
<http://igt.gov.au/publications/annual-reports/2016-17-annual-report/performance-report/>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Inspector-General of Taxation</b>					
Departmental expenses					
Departmental appropriation	6,475	6,451	6,455	6,499	6,557
Expenses not requiring appropriation in the Budget year (a)	435	469	459	469	475
<b>Departmental total</b>	<b>6,910</b>	<b>6,920</b>	<b>6,914</b>	<b>6,968</b>	<b>7,032</b>
<b>Total expenses for program 1.1</b>	<b>6,910</b>	<b>6,920</b>	<b>6,914</b>	<b>6,968</b>	<b>7,032</b>
<b>Total expenses for Outcome 1</b>	<b>6,910</b>	<b>6,920</b>	<b>6,914</b>	<b>6,968</b>	<b>7,032</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	35	35

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.</b>		
<b>Program 1.1 – To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the TPB.</b>		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• effective handling of tax administration complaints</li> <li>• identify and prioritise areas of tax administration for improvement</li> <li>• conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB</li> </ul>	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017-18	<ul style="list-style-type: none"> <li>• effective handling of tax administration complaints</li> <li>• efficient conduct of reviews into tax administration issues</li> <li>• publication of reports on tax administration</li> <li>• independent advice to Government and relevant entities on improvements to tax administration</li> </ul>	<ul style="list-style-type: none"> <li>• tax administration complaint responses</li> <li>• positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities</li> <li>• areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation</li> <li>• reviews, reports and recommendations on areas of tax administration</li> </ul>
2018-19 and beyond	As per 2017-18 targets	As per 2017-18 targets.
<b>Purposes</b>	<p>The IGT is an independent statutory agency. Our role is to improve tax administration in Australia through:</p> <ul style="list-style-type: none"> <li>• an effective and efficient complaints handling function;</li> <li>• identifying and prioritising areas of tax administration requiring improvement; and</li> <li>• conducting reviews and making recommendations for improvement to the Government, the ATO and the TPB.</li> </ul>	



## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and the financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2018-19.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	4,327	4,567	4,799	4,939	5,022
Suppliers	2,208	1,944	1,716	1,620	1,595
Depreciation and amortisation	375	409	399	409	415
<b>Total expenses</b>	<b>6,910</b>	<b>6,920</b>	<b>6,914</b>	<b>6,968</b>	<b>7,032</b>
<b>LESS:</b>					
<b>Gains</b>					
Other	60	60	60	60	60
<b>Total gains</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Total own-source income</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Net (cost of)/contribution by services</b>	<b>(6,850)</b>	<b>(6,860)</b>	<b>(6,854)</b>	<b>(6,908)</b>	<b>(6,972)</b>
Revenue from Government	6,475	6,451	6,455	6,499	6,557
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(375)</b>	<b>(409)</b>	<b>(399)</b>	<b>(409)</b>	<b>(415)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	375	409	399	409	415
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(375)</b>	<b>(409)</b>	<b>(399)</b>	<b>(409)</b>	<b>(415)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	13	13	13	13	13
Trade and other receivables	4,440	4,240	4,231	4,220	4,186
<b>Total financial assets</b>	<b>4,453</b>	<b>4,253</b>	<b>4,244</b>	<b>4,233</b>	<b>4,199</b>
<b>Non-financial assets</b>					
Land and buildings	1,242	992	742	492	242
Property, plant and equipment	250	397	292	218	139
Intangibles	291	245	251	197	143
Other non-financial assets	114	114	114	114	114
<b>Total non-financial assets</b>	<b>1,897</b>	<b>1,748</b>	<b>1,399</b>	<b>1,021</b>	<b>638</b>
<b>Total assets</b>	<b>6,350</b>	<b>6,001</b>	<b>5,643</b>	<b>5,254</b>	<b>4,837</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	154	184	194	183	149
Other payables	28	28	28	28	28
<b>Total payables</b>	<b>182</b>	<b>212</b>	<b>222</b>	<b>211</b>	<b>177</b>
<b>Provisions</b>					
Employee provisions	1,224	1,224	1,224	1,224	1,224
Other provisions	162	162	162	162	162
<b>Total provisions</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>	<b>1,386</b>
<b>Total liabilities</b>	<b>1,568</b>	<b>1,598</b>	<b>1,608</b>	<b>1,597</b>	<b>1,563</b>
<b>Net assets</b>	<b>4,782</b>	<b>4,403</b>	<b>4,035</b>	<b>3,657</b>	<b>3,274</b>
<b>EQUITY*</b>					
Contributed equity	1,260	1,290	1,321	1,352	1,384
Reserves	398	398	398	398	398
Retained surplus	3,124	2,715	2,316	1,907	1,492
<b>Total equity</b>	<b>4,782</b>	<b>4,403</b>	<b>4,035</b>	<b>3,657</b>	<b>3,274</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	3,124	398	1,260	4,782
<b>Adjusted opening balance</b>	<b>3,124</b>	<b>398</b>	<b>1,260</b>	<b>4,782</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(409)	-	-	(409)
<b>Total comprehensive income</b>	<b>2,715</b>	<b>398</b>	<b>1,260</b>	<b>4,373</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental capital budget (DCB)	-	-	30	30
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>
<b>Closing balance attributable to the Australian Government</b>	<b>2,715</b>	<b>398</b>	<b>1,290</b>	<b>4,403</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	7,792	6,651	6,464	6,510	6,591
<b>Total cash received</b>	<b>7,792</b>	<b>6,651</b>	<b>6,464</b>	<b>6,510</b>	<b>6,591</b>
<b>Cash used</b>					
Employees	4,327	4,567	4,799	4,939	5,022
Suppliers	3,013	1,854	1,646	1,571	1,569
Other operating payments	150	-	-	-	-
<b>Total cash used</b>	<b>7,490</b>	<b>6,421</b>	<b>6,445</b>	<b>6,510</b>	<b>6,591</b>
<b>Net cash from/(used by) operating activities</b>	<b>302</b>	<b>230</b>	<b>19</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	332	260	50	31	32
<b>Total cash used</b>	<b>332</b>	<b>260</b>	<b>50</b>	<b>31</b>	<b>32</b>
<b>Net cash from/(used by) investing activities</b>	<b>(332)</b>	<b>(260)</b>	<b>(50)</b>	<b>(31)</b>	<b>(32)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	30	30	31	31	32
<b>Total cash received</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>
<b>Net cash from/(used by) financing activities</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	13	13	13	13	13
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	30	30	31	31	32
<b>Total new capital appropriations</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	332	260	50	31	32
<b>Total items</b>	<b>332</b>	<b>260</b>	<b>50</b>	<b>31</b>	<b>32</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	30	30	31	31	32
Funded internally from departmental resources (b)	302	230	19	-	-
<b>TOTAL</b>	<b>332</b>	<b>260</b>	<b>50</b>	<b>31</b>	<b>32</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	332	260	50	31	32
<b>Total cash used to acquire assets</b>	<b>332</b>	<b>260</b>	<b>50</b>	<b>31</b>	<b>32</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(b) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Land and Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>				
Gross book value	1,687	319	481	2,487
Accumulated depreciation/ amortisation and impairment	(445)	(69)	(190)	(704)
<b>Opening net book balance</b>	<b>1,242</b>	<b>250</b>	<b>291</b>	<b>1,783</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	-	210	50	260
<b>Total additions</b>	<b>-</b>	<b>210</b>	<b>50</b>	<b>260</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(250)	(63)	(96)	(409)
<b>Total other movements</b>	<b>(250)</b>	<b>(63)</b>	<b>(96)</b>	<b>(409)</b>
<b>As at 30 June 2018</b>				
Gross book value	1,687	529	531	2,747
Accumulated depreciation/ amortisation and impairment	(695)	(132)	(286)	(1,113)
<b>Closing net book balance</b>	<b>992</b>	<b>397</b>	<b>245</b>	<b>1,634</b>

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.





# NATIONAL COMPETITION COUNCIL

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# NATIONAL COMPETITION COUNCIL

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, state and territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a State or Territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (i.e. coverage determination under the NGL). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

On 1 July 2014, the NCC entered into a Memorandum of Understanding with the ACCC under which staff and other support for the NCC's operations are provided by the ACCC. The NCC remains an independent entity, however under this arrangement, it has not employed staff directly. The NCC maintains responsibility for its recommendations, decisions and other functions under the CCA and NGL, and ensures that its websites, guidelines and other information resources remain relevant and available to all stakeholders.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: National Competition Council resource statement - Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,379	3,445
Departmental appropriation (c)	1,992	1,990
Total departmental annual appropriations	5,371	5,435
<b>Total departmental resourcing</b>	<b>5,371</b>	<b>5,435</b>
<b>Total resourcing for the NCC</b>	<b>5,371</b>	<b>5,435</b>
	<i>2017-18</i>	2018-19
<b>Average staffing level (number)</b>	<b>1</b>	<b>1</b>

### Third party payments from and on behalf of other entities

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
Payments made by the ACCC on behalf of the NCC	1,992	1,990
Payments made to the ACCC for the provision of corporate and professional services	850	850

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2018-19.

(b) Excludes \$0.064m subject to administrative quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes departmental capital budget (DCB).

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the National Competition Council are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Entity 2018-19 Budget measures**

#### Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The NCC does not have any measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO).

#### Part 2: Other measures not previously reported in a portfolio statement

		2017-18	2018-19	2019-20	2020-21	2021-22
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>						
Treasury Portfolio - efficiencies (a)						
Departmental expenses	1.1	(18)	(16)	(16)	(16)	-
<b>Total</b>		<b>(18)</b>	<b>(16)</b>	<b>(16)</b>	<b>(16)</b>	-
Reducing Pressure on Housing Affordability - a new National Housing and Homelessness Agreement (b)						
Departmental expenses	1.1	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
National Partnership on Regulatory Reform - establishment (c)						
Departmental expenses	1.1	332	337	2,141	2,129	-
<b>Total</b>		<b>332</b>	<b>337</b>	<b>2,141</b>	<b>2,129</b>	-
<b>Total measures</b>						
Departmental		314	321	2,125	2,113	-
<b>Total</b>		<b>314</b>	<b>321</b>	<b>2,125</b>	<b>2,113</b>	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

- (a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in MYEFO under the Treasury portfolio.
- (b) The measure was originally announced in the 2017-18 Budget and has been fully reversed by National Competition Council - not proceeding, as announced in the 2017-18 MYEFO. The above dashes reflect that the measure has no fiscal impact as it has ceased. It will instead be implemented by the Department of the Treasury under the National Housing and Homelessness Agreement from within existing resources. Refer to the MYEFO for more details.
- (c) The measure was originally announced in the 2017-18 Budget and has been partially reversed by Small Business Regulatory Reform Agenda - additional funding announced in the 2017-18 MYEFO. The above financial figures reflect the current net fiscal impact of the measure. Refer to the MYEFO for more details.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the National Competition Council can be found at: [http://ncc.gov.au/about/strategic\\_plan](http://ncc.gov.au/about/strategic_plan)

The most recent annual performance statement can be found in the latest Annual Report at: <http://ncc.gov.au/publications/C41>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of, and investment in infrastructure.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>Program 1.1: National Competition Council</b>					
Departmental expenses					
Departmental appropriation	1,992	1,990	3,802	3,806	2,336
Expenses not requiring appropriation in the Budget year (a)	32	32	32	32	32
<b>Departmental total</b>	<b>2,024</b>	<b>2,022</b>	<b>3,834</b>	<b>3,838</b>	<b>2,368</b>
<b>Total expenses for program 1.1</b>	<b>2,024</b>	<b>2,022</b>	<b>3,834</b>	<b>3,838</b>	<b>2,368</b>
<b>Total expenses for Outcome 1</b>	<b>2,024</b>	<b>2,022</b>	<b>3,834</b>	<b>3,838</b>	<b>2,368</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	<b>1</b>	<b>1</b>

(a) Expenses not requiring appropriation in the Budget year represent audit services received free of charge from the Australian National Audit Office (ANAO).

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of, and investment in infrastructure.</b>		
<b>Program 1.1 –</b> The NCC’s objective is to provide advice to Governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.		
<b>Delivery</b>	Program 1.1 aims to: <ul style="list-style-type: none"> <li>• Make recommendations to ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes;</li> <li>• Make recommendations to ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;</li> <li>• Make decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and</li> <li>• Advise the Parliament on the operation of the National Access Regime in accordance with section 29O(2) of the CCA.</li> </ul>	
<b>Performance information</b>		
<b>Performance criteria</b>	<b>2017-18</b>	<b>2018-19 and forward year targets</b>
Recommendations on declaration applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.	All recommendations are forecast to be made within the statutory time limits.	As per 2017-18.
Recommendations on certification applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.	All recommendations are forecast to be made within the statutory time limits.	As per 2017-18.
Recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet the advice requirements of Ministers.	All recommendations and decisions are forecast to be made within the statutory time limits.	As per 2017-18.
Accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website.	The Council website is forecast to hold all documents relevant to the Council's functions.	As per 2017-18.



Performance criteria	2017-18	2018-19 and forward year targets
Up to date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website.	Guidelines are forecast to be updated within 30 days of relevant decisions or developments in case law.	As per 2017-18.
Case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days.	Case law developments, legislative amendments and developments in Council processes or policies are forecast to be reflected in Council information resources within 30 days.	As per 2017-18.
The NCC's annual report to the Parliament includes a comprehensive report that meets the requirements of s29O of the CCA and is provided within the timeframe required by the PGPA Act (i.e. by the 15th day of the fourth month after the end of the reporting period).	The Council annual report provides comprehensive information on the National Access Regime and NGL, addresses all matters required under section 29O of the CCA and is forecast to be provided within the required timeframe.	As per 2017-18.
<b>Purposes</b>	<p>The NCC is a Commonwealth statutory agency established by section 29A of the <i>Competition and Consumer Act 2010</i> (CCA). It was created in 1995 following agreement by the Council of Australian Governments (COAG) to a National Competition Policy (NCP). NCP places competition at the forefront as a means of promoting productivity and economic growth to enhance the economic welfare of Australians.</p> <p>The NCC makes recommendations under the National Access Regime in Part IIIA of the CCA and recommendations and decisions under the National Gas Law (NGL). The National Access Regime provides for access to the services of monopoly infrastructure facilities on appropriate terms, through the declaration of services. The NCC's role is to make recommendations to relevant ministers in relation to applications for declaration of services and also the certification of state or territory access regimes.</p> <p>The NCC has a similar role under the National Gas Law (NGL), contained in the Schedule to the <i>National Gas (South Australia) Act 2008</i>, where it makes recommendations on the coverage of natural gas pipeline systems. Under the NGL, the NCC also has responsibility for deciding the form of regulation applying to natural gas pipeline systems (light or full regulation), classifying pipeline (as transmission or distribution) and making recommendations in relation to various exemptions for greenfields gas pipelines.</p> <p>Both the National Access Regime and the NGL seek to promote the efficient operation of, use of, and investment in significant bottleneck infrastructure, and to promote competition, efficiency and productivity in markets that depend on the use of services provided by significant bottleneck infrastructure facilities.</p>	

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The NCC is budgeting for a break-even operating result for 2018-19 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

The NCC is estimated to receive own source income of \$8,000 in 2018-19 being fees for applications made to it under the NGL.

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

The NCC's liabilities are mainly supplier payables. Councillor members do not receive leave entitlements. Councillor remuneration is established through *Determination 2017/10: Remuneration and Allowances for Holders of Part-time Public Office*, which is set by the Remuneration Tribunal, an independent statutory authority established under the *Remuneration Tribunal Act 1973*.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>EXPENSES</b>					
Employee benefits	98	124	2,255	2,249	128
Suppliers	1,926	1,898	1,579	1,589	2,240
<b>Total expenses</b>	<b>2,024</b>	<b>2,022</b>	<b>3,834</b>	<b>3,838</b>	<b>2,368</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	32	32	32	32	32
<b>Total gains</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Total own-source income</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
<b>Net (cost of)/contribution by</b>	<b>(1,992)</b>	<b>(1,990)</b>	<b>(3,802)</b>	<b>(3,806)</b>	<b>(2,336)</b>
Revenue from Government	1,992	1,990	3,802	3,806	2,336
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	47	47	47	47	47
Trade and other receivables	3,398	3,398	3,398	3,398	3,398
<b>Total financial assets</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>	<b>3,445</b>
<b>Non-financial assets</b>					
Other non-financial assets	215	215	215	215	215
<b>Total non-financial assets</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>
<b>Total assets</b>	<b>3,660</b>	<b>3,660</b>	<b>3,660</b>	<b>3,660</b>	<b>3,660</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	1	1	1	1	1
Other payables	1	1	1	1	1
<b>Total payables</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total liabilities</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Net assets</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	146	146	146	146	146
Retained surplus (accumulated deficit)	3,512	3,512	3,512	3,512	3,512
<b>Total equity</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>	<b>3,658</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	3,512	146	3,658
<b>Adjusted opening balance</b>	<b>3,512</b>	<b>146</b>	<b>3,658</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>3,512</b>	<b>146</b>	<b>3,658</b>
<b>Closing balance attributable to the Australian Government</b>	<b>3,512</b>	<b>146</b>	<b>3,658</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	1,992	1,990	3,802	3,806	2,336
Net GST received	189	187	155	156	107
<b>Total cash received</b>	<b>2,181</b>	<b>2,177</b>	<b>3,957</b>	<b>3,962</b>	<b>2,443</b>
<b>Cash used</b>					
Employees	98	124	2,255	2,249	128
Suppliers	1,894	1,866	1,547	1,557	2,208
Net GST paid	189	187	155	156	107
<b>Total cash used</b>	<b>2,181</b>	<b>2,177</b>	<b>3,957</b>	<b>3,962</b>	<b>2,443</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	47	47	47	47	47
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Fees and fines	8	8	8	8	8
<b>Total non-taxation revenue</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Net cost of/(contribution by) services</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>
<b>Surplus/(deficit)</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

Prepared on Australian Accounting Standards basis.

**Table 3.6: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Fees	8	8	8	8	8
<b>Total cash received</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Net cash from/(used by) operating activities</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Net increase/(decrease) in cash held</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
- Transfers to other entities (Finance - Whole of Government) for:	(8)	(8)	(8)	(8)	(8)
<b>Total cash to Official Public Account</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.



# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The strategic directions of the AUASB are:

- develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users;
- with the Australian Accounting Standards Board (AASB), play a leading role in reshaping the Australian external reporting framework;
- actively influence international auditing and assurance standards and guidance;
- attain significant levels of key stakeholder engagement;
- influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting;
- monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance; and
- develop guidance and education initiatives to enhance consistent application of auditing and assurance standards and guidance.

The vision of the AUASB is to contribute to stakeholder confidence in the Australian economy, including its capital markets, and enhanced creditability in external reporting through independence auditing and assurance.

This is achieved by developing, issuing and maintaining in the public interest high quality Australian auditing and assurance standards and guidance that meet user needs and enhanced audit and assurance consistency and quality.

We use our expertise and influence to contribute to the development of a single set of auditing and assurance standards and guidance for worldwide use.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	796	716
Departmental appropriation (c)	2,090	2,079
Departmental capital budget (d)	37	38
Total departmental annual appropriations	<u>2,923</u>	<u>2,833</u>
<b>Total departmental resourcing</b>	<b>2,923</b>	<b>2,833</b>
<b>Total resourcing for entity AUASB</b>	<b>2,923</b>	<b>2,833</b>
	<i>2017-18</i>	2018-19
<b>Average staffing level (number)</b>	<u>7</u>	<u>7</u>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Adjusted appropriation carried forward from previous year.

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Office of the Auditing and Assurance Standards Board are detailed in Budget Paper No. 2 and are summarised below.

#### Table 1.2: Entity 2018-19 Budget measures

##### Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Auditing and Assurance Standards Board has no new budget measures.

##### Part 2: Other measures not previously reported in a portfolio statement

		2017-18	2018-19	2019-20	2020-21
	Program	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(6)	(6)	(6)	(6)
<b>Total</b>		<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio — efficiencies' is Treasury. The full measure description and package details appear in Budget Paper No. 2 under the Treasury portfolio.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The AUASB's outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for AUASB can be found at:  
[www.auasb.gov.au/About-the-AUASB/AUASB-Strategy-and-Corporate-Plan.aspx](http://www.auasb.gov.au/About-the-AUASB/AUASB-Strategy-and-Corporate-Plan.aspx)

The most recent annual performance statement can be found in the latest Annual Report at: [www.auasb.gov.au/About-the-AUASB/Annual-reports.aspx](http://www.auasb.gov.au/About-the-AUASB/Annual-reports.aspx)

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Auditing and Assurance Standards Board</b>					
Departmental expenses					
Departmental appropriation	2,090	2,079	2,080	2,095	2,107
Expenses not requiring appropriation in the Budget year (a)	118	131	133	134	136
<b>Departmental total</b>	<b>2,208</b>	<b>2,210</b>	<b>2,213</b>	<b>2,229</b>	<b>2,243</b>
<b>Total expenses for program 1.1</b>	<b>2,208</b>	<b>2,210</b>	<b>2,213</b>	<b>2,229</b>	<b>2,243</b>
<b>Total expenses for Outcome 1</b>	<b>2,208</b>	<b>2,210</b>	<b>2,213</b>	<b>2,229</b>	<b>2,243</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	7	7

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, audit fees and waived board member fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1 — The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements</b></p>	
<p><b>Program 1.1</b> The key strategies to achieve Outcome 1 are:</p> <ul style="list-style-type: none"> <li>• Develop, issue and maintain in the public interest, high quality Australian auditing and assurance standards and guidance that meet user needs and enhance audit and assurance consistency and quality.</li> <li>• Contribute to the development of a single set of auditing and assurance standards and guidance for world-wide use.</li> </ul>	
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users. Use IAASB3 Standards — where they exist, modified as necessary — or develop Australian-specific standards and guidance.</li> <li>• With the AASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:             <ul style="list-style-type: none"> <li>○ who prepares external reports (including financial reports)</li> <li>○ the nature and extent of assurance required on external reports.</li> </ul> </li> <li>• Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.</li> <li>• Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</li> <li>• Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.</li> <li>• Monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.</li> <li>• Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.</li> </ul>

Performance information		
Year	Performance criteria (a)	Targets
2017-18	<ul style="list-style-type: none"> <li>• Issue Australian Auditing and Assurance Standards (ASAs, ASREs, ASAEs and ASRSs) based on IAASB equivalent standards in accordance with AUASB legislative drafting and registration requirements.</li> <li>• Develop, update and maintain Australian specific Standards and/or Guidance Statements for topics not specifically addressed by IAASB Standards as required.</li> <li>• Monitor the Assurance Environment, considering the implications for Australian auditing and assurance standards and guidance and responding as appropriate.</li> <li>• Build, maintain and enhance key international relationships around key focus areas with both global (e.g. IAASB, IFAC, IIRC) and national standard setters and professional bodies (e.g. FRC, PCAOB, CPAC, IRBA).</li> <li>• Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols.</li> <li>• Complete a number of strategic projects addressing current areas of auditing and assurance thought leadership and emerging issues, in particular the areas of external reporting beyond financial reporting (e.g. EER) and the impact of changing technologies (e.g. Data Analytics)</li> <li>• Achieve a high level of stakeholder satisfaction through increased engagement (i.e. events and publications) that demonstrate the AUASB has a thorough awareness of ideas and concerns of Australian stakeholders.</li> <li>• Conduct awareness initiatives, such as webinars and presentations for new major Standards issued, and promote the development of education initiatives by others (for example professional bodies, regulators, accounting firms and tertiary institutions) by providing, technical input to their initiatives and co-presenting at their education sessions.</li> <li>• Analyse regulator inspection findings to identify AUASB actions that help improve audit quality and the consistency of audit execution, predominately through the development of new publications (such as AUASB Bulletins and frequently asked questions ('FAQs')) that facilitate the consistent application of auditing and assurance standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Timely release of relevant standards.</li> <li>• An increase in engagement of Australian constituents in the standard setting process,</li> <li>• Responses made to all significant IAASB exposure drafts.</li> <li>• Guidance reviewed and released according to the Annual Plan</li> <li>• Monitor audit quality issues and review standards where required.</li> <li>• Implement a research strategy and program of work to inform, educate and influence domestic and international standards setting.</li> </ul> <p>The AUASB expects to meet all its targets and expectations implied by performance criteria in 2018-19.</p>

<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria (a)</b>	<b>Targets</b>
2018-19	As per 2017-18	As per 2017-18
2019-20 and beyond	As per 2018-19	As per 2018-19
<b>Purposes</b>	The functions of the AUASB are to: <ul style="list-style-type: none"> <li>• make auditing standards under section 336 of the <i>Corporations Act 2001</i> for the purposes of the corporations legislation;</li> <li>• formulate auditing and assurance standards for other purposes;</li> <li>• formulate guidance on auditing and assurance matters;</li> <li>• participate in and contribute to the development of a single set of auditing standards for world-wide use; and</li> <li>• advance and promote the main objectives of part 12 of the <i>Australian Securities and Investments Commission Act 2001</i>.</li> </ul>	
<b>Material changes to Program 1.1 resulting from the following measures:</b>		
No Budget Measures in 2017-18 impact on this program.		



## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The AUASB and the Office of the Australian Accounting Standards Board (AASB) have an arrangement where the AASB provides corporate services for both entities. Under the arrangement, AASB charges AUASB a management fee for providing corporate support.

The comprehensive income statement is comprised mainly of employee expenses relating to technical staff and supplier expenses relating to AASB management fee. These items are projected to be steady over the budget and forwarded years.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	1,047	1,168	1,190	1,214	1,238
Suppliers	1,121	1,002	983	975	965
Depreciation and amortisation	40	40	40	40	40
<b>Total expenses</b>	<b>2,208</b>	<b>2,210</b>	<b>2,213</b>	<b>2,229</b>	<b>2,243</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	78	91	93	94	96
<b>Total gains</b>	<b>78</b>	<b>91</b>	<b>93</b>	<b>94</b>	<b>96</b>
<b>Total own-source income</b>	<b>78</b>	<b>91</b>	<b>93</b>	<b>94</b>	<b>96</b>
<b>Net (cost of)/contribution by services</b>	<b>(2,130)</b>	<b>(2,119)</b>	<b>(2,120)</b>	<b>(2,135)</b>	<b>(2,147)</b>
Revenue from Government	2,090	2,079	2,080	2,095	2,107
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	40	40	40	40	40
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>	<b>(40)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	297	194	335	335	335
Trade and other receivables	357	468	323	326	329
<b>Total financial assets</b>	<b>654</b>	<b>662</b>	<b>658</b>	<b>661</b>	<b>664</b>
<b>Non-financial assets</b>					
Property, plant and equipment	14	23	37	46	56
Intangibles	3	24	25	15	5
<b>Total non-financial assets</b>	<b>17</b>	<b>47</b>	<b>62</b>	<b>61</b>	<b>61</b>
<b>Total assets</b>	<b>671</b>	<b>709</b>	<b>720</b>	<b>722</b>	<b>725</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	181	172	164	164	164
Other payables	1	21	41	44	47
<b>Total payables</b>	<b>182</b>	<b>193</b>	<b>205</b>	<b>208</b>	<b>211</b>
<b>Provisions</b>					
Employee provisions	91	120	121	121	121
<b>Total provisions</b>	<b>91</b>	<b>120</b>	<b>121</b>	<b>121</b>	<b>121</b>
<b>Total liabilities</b>	<b>273</b>	<b>313</b>	<b>326</b>	<b>329</b>	<b>332</b>
<b>Net assets</b>	<b>398</b>	<b>396</b>	<b>394</b>	<b>393</b>	<b>393</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	311	349	387	426	466
Retained surplus (accumulated deficit)	87	47	7	(33)	(73)
<b>Total equity</b>	<b>398</b>	<b>396</b>	<b>394</b>	<b>393</b>	<b>393</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	87	311	398
<b>Adjusted opening balance</b>	<b>87</b>	<b>311</b>	<b>398</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(40)	-	(40)
<b>Total comprehensive income</b>	<b>(40)</b>	<b>-</b>	<b>(40)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental Capital Budget (DCB)	-	38	38
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>38</b>	<b>38</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>47</b>	<b>349</b>	<b>396</b>
<b>Closing balance attributable to the Australian Government</b>	<b>47</b>	<b>349</b>	<b>396</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,517	1,970	2,227	2,095	2,107
Other	(17)	-	1	-	-
<b>Total cash received</b>	<b>2,500</b>	<b>1,970</b>	<b>2,228</b>	<b>2,095</b>	<b>2,107</b>
<b>Cash used</b>					
Employees	1,037	1,139	1,189	1,214	1,238
Suppliers	1,196	952	915	881	869
Other	-	(18)	(17)		
<b>Total cash used</b>	<b>2,233</b>	<b>2,073</b>	<b>2,087</b>	<b>2,095</b>	<b>2,107</b>
<b>Net cash from/(used by) operating activities</b>	<b>267</b>	<b>(103)</b>	<b>141</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	37	38	38	39	40
<b>Total cash used</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<b>Net cash from/(used by) investing activities</b>	<b>(37)</b>	<b>(38)</b>	<b>(38)</b>	<b>(39)</b>	<b>(40)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	37	38	38	39	40
<b>Total cash received</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<b>Net cash from/(used by) financing activities</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<b>Net increase/(decrease) in cash held</b>	<b>267</b>	<b>(103)</b>	<b>141</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	30	297	194	335	335
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>297</b>	<b>194</b>	<b>335</b>	<b>335</b>	<b>335</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	37	38	38	39	40
<b>Total new capital appropriations</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<i>Provided for:</i>					
Purchase of non-financial assets	37	38	38	39	40
<b>Total items</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	37	38	38	39	40
<b>TOTAL</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	37	38	38	39	40
<b>Total cash used to acquire assets</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>40</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	115	47	162
Accumulated depreciation/ amortisation and impairment	(101)	(44)	(145)
<b>Opening net book balance</b>	<b>14</b>	<b>3</b>	<b>17</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation equity (a)	28	10	38
<b>Total additions</b>	<b>28</b>	<b>10</b>	<b>38</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(30)	(10)	(40)
<b>Total other movements</b>	<b>(30)</b>	<b>(10)</b>	<b>(40)</b>
<b>As at 30 June 2019</b>			
Gross book value	154	78	232
Accumulated depreciation/amortisation and impairment	(131)	(54)	(185)
<b>Closing net book balance</b>	<b>23</b>	<b>24</b>	<b>47</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.

# OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

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# OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The strategic directions of the AASB are:

- develop, issue and maintain principle based accounting standards and reporting guidelines that meet the needs of external report users;
- in partnership with the Auditing and Assurance Standards Board (AUASB) play a leading role in reshaping the Australian external reporting framework;
- actively influence international accounting standards and reporting guidance;
- attain significant key stakeholder engagement;
- influence initiatives to develop standards and guidance that meet the user's needs for external reporting beyond financial reporting;
- monitor and respond to emerging issues impacting the development of external reporting standards and guidance; and
- develop guidance and education initiatives to enhance the consistent application of external reporting and accounting standards guidance.

The vision of the AASB is to contribute to stakeholder confidence in the Australian economy, including Australian capital markets and external reporting.

This is achieved by developing, issuing and maintaining principle-based Australian accounting and external reporting standards, together with guidance that meets the needs of external users and enhances the consistency and quality of external reporting.

We use our expertise and influence to contribute to the development of a single set of accounting and external reporting standards for world-wide use.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Accounting Standards Board resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	2017-18 <i>Estimated actual</i> \$'000	2018-19 Estimate  \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	1,685	2,039
Departmental appropriation (c)	3,537	3,518
s74 Retained revenue receipts (d)	1,381	1,127
Departmental capital budget (e)	79	79
Total departmental annual appropriations	<u>6,682</u>	<u>6,763</u>
<b>Total departmental resourcing</b>	<b><u>6,682</u></b>	<b><u>6,763</u></b>
<hr/>		
<b>Average staffing level (number)</b>	<u>22</u>	<u>22</u>

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Adjusted appropriation carried forward from previous year.

(c) Excludes departmental capital budget (DCB).

(d) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Accounting Standards Board are detailed in Budget Paper No. 2 and are summarised below.

#### Table 1.2: Entity 2018-19 Budget measures

##### Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Australian Accounting Standards Board has no new budget measures.

##### Part 2: Other measures not previously reported in a portfolio statement

		2017-18	2018-19	2019-20	2020-21
	Program	\$'000	\$'000	\$'000	\$'000
<b>Expense measures</b>					
Treasury Portfolio - efficiencies (a)	1.1				
Departmental expenses		(11)	(11)	(11)	(11)
<b>Total</b>		<b>(11)</b>	<b>(11)</b>	<b>(11)</b>	<b>(11)</b>

(a) The lead entity for measure Treasury Portfolio — efficiencies is Treasury. The full measure description and package details appear in Budget Paper No. 2 under the Treasury portfolio.

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for AASB can be found at:

[www.aasb.gov.au/AASB-Board/AASB-Board-Strategy-and-Corporate-Plan.aspx](http://www.aasb.gov.au/AASB-Board/AASB-Board-Strategy-and-Corporate-Plan.aspx)

The most recent annual performance statement can be found in the Annual Report at:

[www.aasb.gov.au/About-the-AASB/AASB-annual-reports.aspx](http://www.aasb.gov.au/About-the-AASB/AASB-annual-reports.aspx)

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Program 1.1: Australian Accounting Standards Board</b>					
Departmental expenses					
Departmental appropriation	3,537	3,518	3,522	3,547	3,568
s74 Retained revenue receipts (a)	1,381	1,127	1,124	1,136	1,153
Expenses not requiring appropriation in the Budget year (b)	133	171	173	176	178
<b>Departmental total</b>	<b>5,051</b>	<b>4,816</b>	<b>4,819</b>	<b>4,859</b>	<b>4,899</b>
<b>Total expenses for program 1.1</b>	<b>5,051</b>	<b>4,816</b>	<b>4,819</b>	<b>4,859</b>	<b>4,899</b>
<b>Total expenses for Outcome 1</b>	<b>5,051</b>	<b>4,816</b>	<b>4,819</b>	<b>4,859</b>	<b>4,899</b>

	2017-18	2018-19
<b>Average staffing level (number)</b>	22	22

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees and other resources received free of charge .

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1 —</b> The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</p>	
<p><b>Program 1 –</b></p> <ul style="list-style-type: none"> <li>• Develop, issue and maintain principles-based Australian accounting and external reporting standards and guidance that meet user needs and enhance external reporting consistency and quality.</li> <li>• Contribute to the development of a single set of accounting and external reporting standards for world-wide use.</li> </ul>	
<p><b>Delivery</b></p>	<p>To achieve program 1 the AASB:</p> <ul style="list-style-type: none"> <li>• Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For 'publicly accountable' entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian specific standards and guidance.</li> <li>• With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:             <ul style="list-style-type: none"> <li>○ who prepares external reports (including financial reports)</li> <li>○ the nature and extent of assurance required on these external reports.</li> </ul> </li> <li>• Actively influence IASB, IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.</li> <li>• Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</li> <li>• Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.</li> <li>• Monitor and respond to emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</li> <li>• Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance.</li> </ul>

Performance information		
Year	Performance criteria (a)	Targets
2017-18	<ul style="list-style-type: none"> <li>• IASB equivalent Standards issued in the same timeframe of the release of the IFRS and in accordance with legislative drafting and registration requirements.</li> <li>• Develop Australian specific Standards and/or guidance for topics not specifically addressed by IFRS Standards within timelines in project plans agreed with the Board.</li> <li>• Develop consultative documents in relation to the Australian Financial Reporting Framework, to develop objective criteria for which entities in the for-profit sector and the not-for profit sector prepare external reports including financial reports and the type of assurance needed for these reports. Includes working with policy makers in the for-profit and not-for-profit sectors (including public sector policy makers).</li> <li>• Maintain Australia/New Zealand convergence in accordance with Trans-Tasman requirements for for-profit entities by harmonising, wherever possible given the different regulatory environments, Australian and New Zealand Accounting Standards through             <ul style="list-style-type: none"> <li>• working actively with the NZASB.</li> </ul> </li> <li>• Maintain and enhance key international relationships (IASB, IPSASB and AOSSG).</li> <li>• Complete projects for external reporting beyond financial reporting as per timelines in project plans agreed with the Board.</li> <li>• Consider emerging issues and impact of changing technologies in all AASB submissions and each major AASB project.</li> <li>• Education initiatives, such as webinars and presentations for new major Standards issued considered effective by stakeholders.</li> <li>• Promote the development of education initiatives by others (for example ACNC) by providing, technical input to their initiatives and co-presenting at their education sessions.</li> <li>• Develop staff publications, and frequently asked questions (FAQs) to help with consistent application of accounting and external reporting standards as agreed with the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Timely release of relevant standards and guidance.</li> <li>• The identification and development of Australian specific standards and Guidance to meet the needs of external reporting users.</li> <li>• An increase in engagement of Australian constituents in the standard setting process,</li> <li>• Responses made to all significant IASB and IPSASB exposure drafts.</li> <li>• Development and implementation of an annual performance and service benchmark to measure improvements.</li> <li>• Build data analytics that indicate the use and impact of external reporting on the confidence levels of the economy and capital markets.</li> <li>• Enhanced research program to inform, educate and influence domestic and international standard setting.</li> </ul> <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2018-19</p>

Year	Performance criteria (a)	Targets
2017-18 (continued)	<ul style="list-style-type: none"> <li>• The AASB has a thorough awareness of ideas and concerns of Australian Stakeholders through effective engagement. Stakeholder satisfaction survey net promoter score used to obtain initial year results to benchmark for performance improvement including of Board and staff.</li> <li>• Improved levels of stakeholder engagement. Monitor through press coverage, Minister, FRC and other stakeholder feedback, ASIC, APRA and other regulator surveillance program results that there is no evidence that confidence in the Australian economy, including its capital market has been lost due to accounting standard issues.</li> </ul>	
2018-19	As per 2017-18	As per 2017-18
2019-20 and beyond	As per 2018-19 <ul style="list-style-type: none"> <li>• Conduct agenda consultation, usually in connection with IASB agenda consultation, to seek formal input on AASB's work program.</li> </ul>	As per 2018-19
<b>Purposes</b>	Make accounting standards under the <i>Corporations Act 2001</i> for corporations and for other purposes. Participate in and contribute to the development of a single set of accounting standards for world-wide use. In a financial reporting context, enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including its capital markets; having regard to the interests of Australian corporations raising capital in major international financial centres.	



## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The comprehensive income statement is comprised mainly of employee expenses relating to corporate and technical staff; supplier expenses relating to office expenses; and revenue relating to management fee charged to AUASB. These items are projected to be steady over the budget and forward years.

The Employee benefits have decreased from previous years due to the restructure in 2015-16. The estimate in 2017-18 is low due to the timing of recruitment of employees. The Sale of Goods for 2017-18 is forecast higher due to additional corporate services increasing the management fees paid by the AUASB.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	2,854	3,223	3,255	3,320	3,386
Suppliers	2,142	1,538	1,509	1,484	1,458
Depreciation and amortisation	55	55	55	55	55
<b>Total expenses</b>	<b>5,051</b>	<b>4,816</b>	<b>4,819</b>	<b>4,859</b>	<b>4,899</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	881	627	624	636	653
Other	500	500	500	500	500
<b>Total own-source revenue</b>	<b>1,381</b>	<b>1,127</b>	<b>1,124</b>	<b>1,136</b>	<b>1,153</b>
<b>Gains</b>					
Other	78	116	118	121	123
<b>Total gains</b>	<b>78</b>	<b>116</b>	<b>118</b>	<b>121</b>	<b>123</b>
<b>Total own-source income</b>	<b>1,459</b>	<b>1,243</b>	<b>1,242</b>	<b>1,257</b>	<b>1,276</b>
<b>Net (cost of)/contribution by services</b>	<b>(3,592)</b>	<b>(3,573)</b>	<b>(3,577)</b>	<b>(3,602)</b>	<b>(3,623)</b>
Revenue from Government	3,537	3,518	3,522	3,547	3,568
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>

#### Note: Impact of net cash appropriation arrangements

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	55	55	55	55	55
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	212	251	336	336	336
Trade and other receivables	1,882	1,858	1,775	1,775	1,776
<b>Total financial assets</b>	<b>2,094</b>	<b>2,109</b>	<b>2,111</b>	<b>2,111</b>	<b>2,112</b>
<b>Non-financial assets</b>					
Property, plant and equipment	95	83	71	99	127
Intangibles	36	71	107	103	99
Other non-financial assets	24	21	18	16	14
<b>Total non-financial assets</b>	<b>155</b>	<b>175</b>	<b>196</b>	<b>218</b>	<b>240</b>
<b>Total assets</b>	<b>2,249</b>	<b>2,284</b>	<b>2,307</b>	<b>2,329</b>	<b>2,352</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	361	370	348	346	344
Other payables	4	14	35	35	35
<b>Total payables</b>	<b>365</b>	<b>384</b>	<b>383</b>	<b>381</b>	<b>379</b>
<b>Provisions</b>					
Employee provisions	364	356	356	356	356
<b>Total provisions</b>	<b>364</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Total liabilities</b>	<b>729</b>	<b>740</b>	<b>739</b>	<b>737</b>	<b>735</b>
<b>Net assets</b>	<b>1,520</b>	<b>1,544</b>	<b>1,568</b>	<b>1,592</b>	<b>1,617</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	681	760	839	918	998
Retained surplus (accumulated deficit)	839	784	729	674	619
<b>Total equity</b>	<b>1,520</b>	<b>1,544</b>	<b>1,568</b>	<b>1,592</b>	<b>1,617</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>			
Balance carried forward from previous period	839	681	1,520
<b>Adjusted opening balance</b>	<b>839</b>	<b>681</b>	<b>1,520</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(55)	-	(55)
<b>Total comprehensive income</b>	<b>(55)</b>	<b>-</b>	<b>(55)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental Capital Budget (DCB)	-	79	79
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>79</b>	<b>79</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>784</b>	<b>760</b>	<b>1,544</b>
<b>Closing balance attributable to the Australian Government</b>	<b>784</b>	<b>760</b>	<b>1,544</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	3,486	3,545	3,609	3,547	3,567
Sale of goods and rendering of services	881	627	624	636	653
Other	500	498	497	500	500
<b>Total cash received</b>	<b>4,867</b>	<b>4,670</b>	<b>4,730</b>	<b>4,683</b>	<b>4,720</b>
<b>Cash used</b>					
Employees	2,777	3,231	3,255	3,320	3,386
Suppliers	2,166	1,409	1,410	1,363	1,335
Other	(4)	(9)	(20)	-	-
<b>Total cash used</b>	<b>4,939</b>	<b>4,631</b>	<b>4,645</b>	<b>4,683</b>	<b>4,721</b>
<b>Net cash from/(used by) operating activities</b>	<b>(72)</b>	<b>39</b>	<b>85</b>	<b>-</b>	<b>(1)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	79	79	79	79	79
<b>Total cash used</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
<b>Net cash from/(used by) investing activities</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>	<b>(79)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	79	79	79	79	80
<b>Total cash received</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>80</b>
<b>Net cash from/(used by) financing activities</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>80</b>
<b>Net increase/(decrease) in cash held</b>	<b>(72)</b>	<b>39</b>	<b>85</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	284	212	251	336	336
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>212</b>	<b>251</b>	<b>336</b>	<b>336</b>	<b>336</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	79	79	79	79	79
<b>Total new capital appropriations</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
<i>Provided for:</i>					
Purchase of non-financial assets	79	79	79	79	79
<b>Total items</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	79	79	79	79	79
<b>TOTAL</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	79	79	79	79	79
<b>Total cash used to acquire assets</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	387	114	501
Accumulated depreciation/ amortisation and impairment	(311)	(60)	(371)
<b>Opening net book balance</b>	<b>76</b>	<b>54</b>	<b>130</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - appropriation equity (a)	58	21	79
<b>Total additions</b>	<b>58</b>	<b>21</b>	<b>79</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(51)	(4)	(55)
<b>Total other movements</b>	<b>(51)</b>	<b>(4)</b>	<b>(55)</b>
<b>As at 30 June 2019</b>			
Gross book value	445	135	580
Accumulated depreciation/ amortisation and impairment	(362)	(64)	(426)
<b>Closing net book balance</b>	<b>83</b>	<b>71</b>	<b>154</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.

# PRODUCTIVITY COMMISSION

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# PRODUCTIVITY COMMISSION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility – Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has four broad components of work:

- government commissioned projects;
- performance reporting and other services to government bodies;
- competitive neutrality complaints activities; and
- self-initiated research and statutory annual reporting.

In 2018-19 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway and carrying over into 2018-19 include: public inquiries into *Compensation and Rehabilitation for Veterans*; *Murray-Darling Basin Plan: Five-year assessment*, and *Superannuation: Assessing Efficiency and Competitiveness*.

The Commission will be responsible for developing a whole-of-government approach to evaluating policies and programs affecting Indigenous Australians. The Commission will also operate the COAG performance dashboard, and undertake reviews of nationally significant sector – wide Commonwealth-State agreements.

The Commission will continue to provide cross-jurisdictional reporting to the Council of Australian Governments (COAG) on performance of government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It receives and investigates complaints, and advises the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. This self-initiated research currently includes work on *Trends in Inequality*. A full list of the Commission's research reports and supporting research is provided on the Commission's website.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Commission.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Productivity Commission resource statement — Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	29,562	29,663
Departmental appropriation (c)	34,304	33,541
s74 Retained revenue receipts (d)	370	9
Departmental capital budget (e)	830	826
Total departmental annual appropriations	<u>65,066</u>	<u>64,039</u>
<b>Total departmental resourcing</b>	<b>65,066</b>	<b>64,039</b>
<b>Total resourcing for the Productivity Commission</b>	<b>65,066</b>	<b>64,039</b>
	<i>2017-18</i>	2018-19
<b>Average staffing level (number)</b>	<i>174</i>	176

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes \$0.008m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes departmental capital budget (DCB).

(d) Estimated retained revenue receipts under section 74 of the PGPA Act.

(e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

## 1.3 BUDGET MEASURES

The Commission has no new budget measures.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The Commission's outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Commission can be found at:  
<http://www.pc.gov.au/about/governance/corporate-plan>

The most recent annual performance statement can be found in the latest Annual Report at: <http://www.pc.gov.au/about/governance/annual-reports/2016-17>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

### Budgeted expenses for Outcome 1

This table shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>Program 1.1: Productivity Commission</b>					
Departmental expenses					
Departmental appropriations	34,304	33,541	33,517	33,691	33,892
74 Retained revenue receipts (a)	370	9	10	10	10
Expenses not requiring appropriation in the Budget year (b)	1,043	1,040	1,040	1,040	1,040
<b>Departmental total</b>	<b>35,717</b>	<b>34,590</b>	<b>34,567</b>	<b>34,741</b>	<b>34,942</b>
<b>Total expenses for program 1.1</b>	<b>35,717</b>	<b>34,590</b>	<b>34,567</b>	<b>34,741</b>	<b>34,942</b>
<b>Total expenses for Outcome 1</b>	<b>35,717</b>	<b>34,590</b>	<b>34,567</b>	<b>34,741</b>	<b>34,942</b>
	2017-18	2018-19			
<b>Average staffing level (number)</b>	174	176			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 below details the performance criteria for the program associated with Outcome 1, and summarises how that program is delivered.

<b>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</b>	
<b>Program 1.1 – The Commission provides governments and the Australian community with information and advice that better informs policy decisions to improve Australians’ wellbeing.</b>	
<b>Delivery</b>	The Commission undertakes inquiries, research, and performance reporting and analysis. It provides robust analysis and advice on a range of economic, social and environmental issues, taking a community-wide perspective. The Commission engages widely, including through hearings, release of draft reports, roundtables, seminars and submissions, to seek informed input to its reports.
<b>Performance information</b>	
<b>Performance criteria</b>	<b>2017-18 and forward years</b>
The Commission aims to be a valuable source of robust evidence-based analysis to inform public policy; to generate effective public debate; and have recognition that our approach to evidence-based policy analysis is worthy of consideration by other governments. In doing so, it seeks to engage effectively with the community, have open and transparent processes, and provide timely reporting.	A range of indicators inform the Commission’s performance assessment, including: the Commission’s work being widely referenced in public debate; opportunities for public participation; open and transparent processes being followed; and reports being delivered within agreed timeframes.
<b>Purposes</b>	The Commission’s purpose, as embodied in the <i>Productivity Commission Act 1998</i> , is to provide governments and the Australian community with information and advice that better inform policy decisions to improve Australians’ wellbeing.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The Commission is budgeting for a break-even result in 2018-19 and the forward years.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>EXPENSES</b>					
Employee benefits	27,848	27,220	27,224	27,375	27,606
Suppliers	6,864	6,369	6,342	6,365	6,346
Depreciation and amortisation	993	990	990	990	990
Finance costs	12	11	11	11	-
<b>Total expenses</b>	<b>35,717</b>	<b>34,590</b>	<b>34,567</b>	<b>34,741</b>	<b>34,942</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	370	9	10	10	10
Other	50	50	50	50	50
<b>Total own-source revenue</b>	<b>420</b>	<b>59</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Total own-source income</b>	<b>420</b>	<b>59</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Net (cost of)/contribution by services</b>	<b>(35,297)</b>	<b>(34,531)</b>	<b>(34,507)</b>	<b>(34,681)</b>	<b>(34,882)</b>
Revenue from Government	34,304	33,541	33,517	33,691	33,892
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(993)</b>	<b>(990)</b>	<b>(990)</b>	<b>(990)</b>	<b>(990)</b>

**Note: Impact of net cash appropriation arrangements**

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>					
	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	993	990	990	990	990
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(993)</b>	<b>(990)</b>	<b>(990)</b>	<b>(990)</b>	<b>(990)</b>

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.



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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	428	428	428	428	428
Trade and other receivables	29,361	29,997	30,092	27,724	28,504
<b>Total financial assets</b>	<b>29,789</b>	<b>30,425</b>	<b>30,520</b>	<b>28,152</b>	<b>28,932</b>
<b>Non-financial assets</b>					
Land and buildings	3,225	2,575	1,925	3,027	2,377
Property, plant and equipment	1,173	1,074	1,404	1,784	1,644
Intangibles	109	79	69	59	49
Other non-financial assets	541	541	541	541	541
<b>Total non-financial assets</b>	<b>5,048</b>	<b>4,269</b>	<b>3,939</b>	<b>5,411</b>	<b>4,611</b>
<b>Total assets</b>	<b>34,837</b>	<b>34,694</b>	<b>34,459</b>	<b>33,563</b>	<b>33,543</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	229	229	229	229	229
Other payables	1,616	1,406	1,106	755	773
<b>Total payables</b>	<b>1,845</b>	<b>1,635</b>	<b>1,335</b>	<b>984</b>	<b>1,002</b>
<b>Provisions</b>					
Employee provisions	11,668	11,888	12,108	12,328	12,448
Other provisions	581	592	603	-	-
<b>Total provisions</b>	<b>12,249</b>	<b>12,480</b>	<b>12,711</b>	<b>12,328</b>	<b>12,448</b>
<b>Total liabilities</b>	<b>14,094</b>	<b>14,115</b>	<b>14,046</b>	<b>13,312</b>	<b>13,450</b>
<b>Net assets</b>	<b>20,743</b>	<b>20,579</b>	<b>20,413</b>	<b>20,251</b>	<b>20,093</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	7,630	8,456	9,280	10,108	10,940
Reserves	1,593	1,593	1,593	1,593	1,593
Retained surplus (accumulated deficit)	11,520	10,530	9,540	8,550	7,560
<b>Total equity</b>	<b>20,743</b>	<b>20,579</b>	<b>20,413</b>	<b>20,251</b>	<b>20,093</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	11,520	1,593	7,630	20,743
<b>Adjusted opening balance</b>	<b>11,520</b>	<b>1,593</b>	<b>7,630</b>	<b>20,743</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(990)	-	-	(990)
<b>Total comprehensive income</b>	<b>(990)</b>	<b>-</b>	<b>-</b>	<b>(990)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	826	826
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>826</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>10,530</b>	<b>1,593</b>	<b>826</b>	<b>826</b>
<b>Closing balance attributable to the Australian Government</b>	<b>10,530</b>	<b>1,593</b>	<b>826</b>	<b>826</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	34,646	33,520	33,586	34,425	33,754
Sale of goods and rendering of services	370	9	10	10	10
<b>Total cash received</b>	<b>35,016</b>	<b>33,529</b>	<b>33,596</b>	<b>34,435</b>	<b>33,764</b>
<b>Cash used</b>					
Employees	27,780	27,000	27,004	27,155	27,486
Suppliers	7,236	6,529	6,592	7,280	6,278
<b>Total cash used</b>	<b>35,016</b>	<b>33,529</b>	<b>33,596</b>	<b>34,435</b>	<b>33,764</b>
<b>Net cash from/(used by) operating activities</b>	-	-	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	387	211	660	2,462	190
<b>Total cash used</b>	<b>387</b>	<b>211</b>	<b>660</b>	<b>2,462</b>	<b>190</b>
<b>Net cash from/(used by) investing activities</b>	<b>(387)</b>	<b>(211)</b>	<b>(660)</b>	<b>(2,462)</b>	<b>(190)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	387	211	660	2,462	190
<b>Total cash received</b>	<b>387</b>	<b>211</b>	<b>660</b>	<b>2,462</b>	<b>190</b>
<b>Net cash from/(used by) financing activities</b>	<b>387</b>	<b>211</b>	<b>660</b>	<b>2,462</b>	<b>190</b>
<b>Net increase/(decrease) in cash held</b>	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	428	428	428	428	428
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>428</b>	<b>428</b>	<b>428</b>	<b>428</b>	<b>428</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	830	826	824	828	832
<b>Total new capital appropriations</b>	<b>830</b>	<b>826</b>	<b>824</b>	<b>828</b>	<b>832</b>
<b>Provided for:</b>					
<i>Purchase of non-financial assets</i>	387	211	660	828	190
<i>Other items</i>	443	615	164	-	642
<b>Total items</b>	<b>830</b>	<b>826</b>	<b>824</b>	<b>828</b>	<b>832</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	387	211	660	2,462	190
<b>TOTAL</b>	<b>387</b>	<b>211</b>	<b>660</b>	<b>2,462</b>	<b>190</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	387	211	660	2,462	190
<b>Total cash used to acquire assets</b>	<b>387</b>	<b>211</b>	<b>660</b>	<b>2,462</b>	<b>190</b>

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2018</b>				
Gross book value	3,875	1,463	921	6,259
Accumulated depreciation/ amortisation and impairment	(650)	(290)	(812)	(1,752)
<b>Opening net book balance</b>	<b>3,225</b>	<b>1,173</b>	<b>109</b>	<b>4,507</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	-	191	20	211
<b>Total additions</b>	<b>-</b>	<b>191</b>	<b>20</b>	<b>211</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(650)	(290)	(50)	(990)
<b>Total other movements</b>	<b>(650)</b>	<b>(290)</b>	<b>(50)</b>	<b>(990)</b>
<b>As at 30 June 2019</b>				
Gross book value	3,875	1,654	941	6,470
Accumulated depreciation/ amortisation and impairment	(1,300)	(580)	(862)	(2,742)
<b>Closing net book balance</b>	<b>2,575</b>	<b>1,074</b>	<b>79</b>	<b>3,728</b>

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.



# ROYAL AUSTRALIAN MINT

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# ROYAL AUSTRALIAN MINT

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a listed entity operating under the *Public Governance, Performance and Accountability Act 2013*. The Mint's vision is to achieve excellence as the world's best performing Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas visitors.

2018-19 will be the third year of the Mint's strategic plan which acknowledges the decline in the demand for circulating coin and identifies opportunities for growth in commercial domestic and foreign business. Key strategies identified in this plan include:

- leveraging capability to produce innovative circulating and numismatic products;
- identifying opportunities to fill the revenue gap caused by the decline in the demand for circulating coin;
- continuing to seek improvements in efficiency, cost reduction and effectiveness;
- delivering in full and on time to all customers;
- maintaining the record for workplace health, safety and environment;
- continuing to recognise staff; and
- strengthening brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the Government on coin related issues.

In 2018-19, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

The Mint's return on net assets is budgeted to be 47 per cent in 2017-18, inclusive of the seigniorage return to the Commonwealth. Across the forward estimates, the Mint will be focussed on maintaining its return on net assets. With the decline in demand for circulating coin, seigniorage is expected to fall over the next four years from the budgeted \$55 million in 2017-18 to \$51 million in 2021-22. However, the decline is offset by commercial pre-tax profit and royalties.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Royal Australian Mint resource statement – Budget estimates for 2018-19 as at Budget May 2018**

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
<b>Departmental</b>		
Special accounts (a)		
Opening balance	38,115	43,354
Non-appropriation receipts	162,871	158,024
<i>Total special accounts</i>	<i>200,986</i>	<i>201,378</i>
<b>Total departmental resourcing</b>	<b>200,986</b>	<b>201,378</b>
<b>Total resourcing for the Royal Australian Mint</b>	<b>200,986</b>	<b>201,378</b>
	<i>2017-18</i>	2018-19
<b>Average staffing level (number)</b>	<b>241</b>	<b>241</b>

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

## 1.3 BUDGET MEASURES

The Mint has no new budget measures.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for Royal Australian Mint can be found at: <https://www.ramint.gov.au/corporate-plan>

The most recent annual performance statement can be found in the latest Annual Report at: <https://www.ramint.gov.au/annual-reports>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

### Outcome 1:

The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Royal Australian Mint</b>					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	27,342	30,833	30,044	29,339	28,718
<b>Administered total</b>	<b>27,342</b>	<b>30,833</b>	<b>30,044</b>	<b>29,339</b>	<b>28,718</b>
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	100,175	94,147	94,071	95,639	96,159
<b>Departmental total</b>	<b>100,175</b>	<b>94,147</b>	<b>94,071</b>	<b>95,639</b>	<b>96,159</b>
<b>Total expenses for program 1.1</b>	<b>127,517</b>	<b>124,980</b>	<b>124,115</b>	<b>124,978</b>	<b>124,877</b>
<b>Total expenses for Outcome 1</b>	<b>127,517</b>	<b>124,980</b>	<b>124,115</b>	<b>124,978</b>	<b>124,877</b>
<hr/>					
<b>Average staffing level (number)</b>	241	241			

**Table 2.2: Performance criteria for Outcome 1**

Table 2.2 details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1</b> – The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.			
<b>Program 1.1</b> – To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.			
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Production, maintenance and sales to meet demand for: <ul style="list-style-type: none"> <li>– Australian circulating coins;</li> <li>– Foreign country circulating coins;</li> <li>– Numismatic products; and</li> <li>– Other custom minted products</li> </ul> </li> <li>• Maintenance of Australia's National Coin Collection;</li> <li>• Tourism and education services to public and school groups: <ul style="list-style-type: none"> <li>– Maintenance of the Mint's visitor gallery, including building and surrounds;</li> <li>– Educational program to school students who visit the Mint; and</li> <li>– Promote public understanding about the cultural and historical significance of coins</li> </ul> </li> </ul>		
<b>Performance information</b>			
<b>Performance criteria</b>	<b>2017-18 (estimated actual)</b>	<b>2018-19</b>	<b>2019-20 and the forward estimates</b>
Produce and deliver Australian circulating coins in a cost effective and timely manner	Seigniorage: \$54.5m Volume: 133 million pieces	Seigniorage: \$54.7m Volume: 123 million pieces	Seigniorage: \$54m; \$52m; \$51m
Numismatic sales meet or exceed cost of production	Gross margin: 60%	Gross margin: 60%	Gross margin: 60%
Foreign circulating coin sales meet or exceed cost of production	Gross margin: 7%	Gross margin: 7%	Gross margin: 7%
Numismatic orders placed are produced and delivered within agreed delivery time	Delivered on time and in full: 80%	Delivered on time and in full: 80%	Delivered on time and in full: 80%
Rotate the display of Australia's National Coin Collection on a regular basis	Annual rotation completed	Annual rotation of National Coin Collection items	Annual rotation of National Coin Collection items
Visitor satisfaction rating of Mint experience	Survey result: 95%	Survey result: 95%	Survey result: 95%
Increase in visitor numbers compared to prior year	Visitors: 330,000	Visitors: 340,000	Visitors: 350,000
<b>Purposes</b>	To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries		

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

There are no material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The Mint has two streams of revenue. One stream comes from production and subsequent sale of circulating coins at face value to commercial banks. The second stream comes from sale of numismatic products and production of foreign circulating coins.

The Mint's Departmental projected results for the 2017-18 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (refer to table 3.1). The ongoing implementation of 'lean' principles will enable the Mint to manufacture coins (both circulating and numismatic) in a more efficient manner which is expected to deliver a reduction in cost and improved business effectiveness.

An after-tax surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to rise from \$6.1 million in 2017-18 to \$11.2 million in 2021-22 and will offset the reduction in seigniorage received by the government from Australian circulating coins.

The anticipated decline in demand for Australian circulating coin is reflected in a fall in Administered surplus over the next four years from the budgeted \$55 million in 2017-18 (refer to table 3.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in seigniorage returned to Commonwealth will be less significant.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>EXPENSES</b>					
Employee benefits	23,890	26,053	25,053	25,053	25,053
Suppliers	67,961	60,214	60,575	61,570	61,912
Depreciation and amortisation	4,901	5,409	5,572	5,739	5,911
Finance costs	42	30	23	22	21
Other expenses	3,381	2,441	2,848	3,255	3,262
<b>Total expenses</b>	<b>100,175</b>	<b>94,147</b>	<b>94,071</b>	<b>95,639</b>	<b>96,159</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	107,925	106,091	106,644	111,822	108,116
Interest	500	575	650	725	800
Other	462	657	672	687	703
<b>Total own-source revenue</b>	<b>108,887</b>	<b>107,323</b>	<b>107,966</b>	<b>113,234</b>	<b>109,619</b>
<b>Total own-source income</b>	<b>108,887</b>	<b>107,323</b>	<b>107,966</b>	<b>113,234</b>	<b>109,619</b>
<b>Net (cost of)/contribution by services</b>	<b>8,712</b>	<b>13,176</b>	<b>13,895</b>	<b>17,595</b>	<b>13,460</b>
Notional income tax expense	2,614	2,196	2,411	3,521	2,281
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>6,098</b>	<b>10,980</b>	<b>11,484</b>	<b>14,074</b>	<b>11,179</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	43,354	55,119	68,562	85,487	97,293
Trade and other receivables	5,328	4,950	6,127	6,244	6,244
<b>Total financial assets</b>	<b>48,682</b>	<b>60,069</b>	<b>74,689</b>	<b>91,731</b>	<b>103,537</b>
<b>Non-financial assets</b>					
Property, plant and equipment	35,529	34,992	32,689	31,113	29,390
Intangibles	3,881	3,414	3,245	3,282	3,294
Heritage and cultural	21,754	21,754	21,754	21,754	21,754
Inventories	42,166	42,448	42,469	42,469	42,469
Tax assets	1,130	1,130	1,130	1,130	1,130
Other non-financial assets	1,189	1,189	1,189	1,189	1,189
<b>Total non-financial assets</b>	<b>105,649</b>	<b>104,927</b>	<b>102,476</b>	<b>100,937</b>	<b>99,226</b>
<b>Total assets</b>	<b>154,331</b>	<b>164,996</b>	<b>177,165</b>	<b>192,668</b>	<b>202,763</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	3,859	4,023	4,371	4,653	4,859
Tax liabilities	-	-	-	-	-
Other payables	3,684	3,266	3,481	4,591	3,351
<b>Total payables</b>	<b>7,543</b>	<b>7,289</b>	<b>7,852</b>	<b>9,244</b>	<b>8,210</b>
<b>Interest bearing liabilities</b>					
Leases	701	527	466	404	340
<b>Total interest bearing liabilities</b>	<b>701</b>	<b>527</b>	<b>466</b>	<b>404</b>	<b>340</b>
<b>Provisions</b>					
Employee provisions	6,651	6,751	6,921	7,007	7,007
Other provisions	493	506	519	532	546
<b>Total provisions</b>	<b>7,144</b>	<b>7,257</b>	<b>7,440</b>	<b>7,539</b>	<b>7,553</b>
<b>Total liabilities</b>	<b>15,388</b>	<b>15,073</b>	<b>15,758</b>	<b>17,187</b>	<b>16,103</b>
<b>Net assets</b>	<b>138,943</b>	<b>149,923</b>	<b>161,407</b>	<b>175,481</b>	<b>186,660</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,162	21,162	21,162	21,162	21,162
Retained surplus (accumulated deficit)	39,878	50,858	62,342	76,416	87,595
<b>Total equity</b>	<b>138,943</b>	<b>149,923</b>	<b>161,407</b>	<b>175,481</b>	<b>186,660</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.



**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	39,878	21,162	77,903	138,943
<b>Opening balance</b>	<b>39,878</b>	<b>21,162</b>	<b>77,903</b>	<b>138,943</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	10,980	-	-	10,980
<b>Total comprehensive income</b>	<b>10,980</b>	<b>-</b>	<b>-</b>	<b>10,980</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>50,858</b>	<b>21,162</b>	<b>77,903</b>	<b>149,923</b>
<b>Closing balance attributable to the Australian Government</b>	<b>50,858</b>	<b>21,162</b>	<b>77,903</b>	<b>149,923</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sale of goods and rendering of services	162,132	175,074	174,641	182,279	178,899
Net GST received	-	13	-	-	-
Interest received	500	575	650	725	800
Other	300	492	507	522	538
<b>Total cash received</b>	<b>162,932</b>	<b>176,154</b>	<b>175,798</b>	<b>183,526</b>	<b>180,237</b>
<b>Cash used</b>					
Employees	23,890	25,953	24,883	24,967	25,053
Suppliers	68,909	74,088	75,598	79,215	80,903
Net GST paid	61	-	89	-	-
Borrow ing and other financing costs	30	17	10	9	7
Taxes paid	1,252	2,614	2,196	2,411	3,521
Other	57,901	57,138	56,418	55,737	54,683
<b>Total cash used</b>	<b>152,043</b>	<b>159,810</b>	<b>159,194</b>	<b>162,339</b>	<b>164,167</b>
<b>Net cash from/(used by) operating activities</b>	<b>10,889</b>	<b>16,344</b>	<b>16,604</b>	<b>21,187</b>	<b>16,070</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	5,465	4,405	3,100	4,200	4,200
<b>Total cash used</b>	<b>5,465</b>	<b>4,405</b>	<b>3,100</b>	<b>4,200</b>	<b>4,200</b>
<b>Net cash from/(used by) investing activities</b>	<b>(5,465)</b>	<b>(4,405)</b>	<b>(3,100)</b>	<b>(4,200)</b>	<b>(4,200)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Repayments of borrow ings	185	174	61	62	64
<b>Total cash used</b>	<b>185</b>	<b>174</b>	<b>61</b>	<b>62</b>	<b>64</b>
<b>Net cash from/(used by) financing activities</b>	<b>(185)</b>	<b>(174)</b>	<b>(61)</b>	<b>(62)</b>	<b>(64)</b>
<b>Net increase/(decrease) in cash held</b>	<b>5,239</b>	<b>11,765</b>	<b>13,443</b>	<b>16,925</b>	<b>11,806</b>
Cash and cash equivalents at the beginning of the reporting period	38,115	43,354	55,119	68,562	85,487
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>43,354</b>	<b>55,119</b>	<b>68,562</b>	<b>85,487</b>	<b>97,293</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	5,465	4,405	3,100	4,200	4,200
<b>TOTAL</b>	<b>5,465</b>	<b>4,405</b>	<b>3,100</b>	<b>4,200</b>	<b>4,200</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	5,465	4,405	3,100	4,200	4,200
<b>Total cash used to acquire assets</b>	<b>5,465</b>	<b>4,405</b>	<b>3,100</b>	<b>4,200</b>	<b>4,200</b>

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Other property, plant and equipment \$'000	Heritage and cultural \$'000	Computer softw are and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	44,363	21,754	9,599	75,716
Accumulated depreciation/ amortisation and impairment	(8,834)	-	(5,718)	(14,552)
<b>Opening net book balance</b>	<b>35,529</b>	<b>21,754</b>	<b>3,881</b>	<b>61,164</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - other	4,080	-	325	4,405
<b>Total additions</b>	<b>4,080</b>	<b>-</b>	<b>325</b>	<b>4,405</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(4,617)	-	(792)	(5,409)
<b>Total other movements</b>	<b>(4,617)</b>	<b>-</b>	<b>(792)</b>	<b>(5,409)</b>
<b>As at 30 June 2019</b>				
Gross book value	48,443	21,754	9,924	80,121
Accumulated depreciation/ amortisation and impairment	(13,451)	-	(6,510)	(19,961)
<b>Closing net book balance</b>	<b>34,992</b>	<b>21,754</b>	<b>3,414</b>	<b>60,160</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>EXPENSES</b>					
Suppliers	25,561	29,007	28,172	27,420	26,741
Other expenses	1,781	1,826	1,872	1,919	1,977
<b>Total expenses administered on behalf of Government</b>	<b>27,342</b>	<b>30,833</b>	<b>30,044</b>	<b>29,339</b>	<b>28,718</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Sale of goods and rendering of services	81,862	85,530	83,614	81,821	80,139
<b>Total non-taxation revenue</b>	<b>81,862</b>	<b>85,530</b>	<b>83,614</b>	<b>81,821</b>	<b>80,139</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>81,862</b>	<b>85,530</b>	<b>83,614</b>	<b>81,821</b>	<b>80,139</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>81,862</b>	<b>85,530</b>	<b>83,614</b>	<b>81,821</b>	<b>80,139</b>
<b>Net cost of/(contribution by) services</b>	<b>(54,520)</b>	<b>(54,697)</b>	<b>(53,570)</b>	<b>(52,482)</b>	<b>(51,421)</b>
<b>Surplus/(deficit)</b>	<b>54,520</b>	<b>54,697</b>	<b>53,570</b>	<b>52,482</b>	<b>51,421</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>ASSETS</b>					
<b>Non-financial assets</b>					
Inventories	6,371	6,371	6,371	6,371	6,371
<b>Total non-financial assets</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>
<b>Total assets administered on behalf of Government</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>	<b>6,371</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	625	625	625	625	625
<b>Total payables</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>
<b>Total liabilities administered on behalf of Government</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>	<b>625</b>
<b>Net assets/(liabilities)</b>	<b>5,746</b>	<b>5,746</b>	<b>5,746</b>	<b>5,746</b>	<b>5,746</b>

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000	2021-22 Forw ard estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sales of goods and rendering of services	54,520	54,697	53,570	52,482	51,421
<b>Total cash received</b>	<b>54,520</b>	<b>54,697</b>	<b>53,570</b>	<b>52,482</b>	<b>51,421</b>
<b>Net cash from/(used by) operating activities</b>	<b>54,520</b>	<b>54,697</b>	<b>53,570</b>	<b>52,482</b>	<b>51,421</b>
<b>Net increase/(decrease) in cash held</b>	<b>54,520</b>	<b>54,697</b>	<b>53,570</b>	<b>52,482</b>	<b>51,421</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Special accounts	(54,520)	(54,697)	(53,570)	(52,482)	(51,421)
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

