

BUDGET

2015-16

Portfolio Budget Statements 2015-16
Budget Related Paper No. 1.16
Treasury Portfolio

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

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**TREASURER
PARLIAMENT HOUSE
CANBERRA 2600**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Madam Speaker

I hereby submit Portfolio Budget Statements in support of the 2015-16 Budget for the Treasury portfolio.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. B. Hockey', with a long, sweeping underline.

HON J. B. HOCKEY MP

Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

Enquiries

Should you have any enquiries regarding this publication please contact Mr Matthew King, Chief Finance Officer, Department of Treasury on (02) 6263 2111.

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

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the 2015-16 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) 2015-16* (or *Appropriation (Parliamentary Departments) Bill (No. 1) 2015-16* 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*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

Ministers and portfolio responsibilities

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

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

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

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

The **Australian Competition and Consumer Commission** is an independent statutory authority which administers the *Competition and Consumer Act 2010* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts. Its outcome is: lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

The **Australian Office of Financial Management** is responsible for the management of Australian Government debt and financial assets. Its outcome is: the advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

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

in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality.

The **Australian Securities and Investments Commission** is the independent government body that enforces and administers corporate and financial services law and has responsibilities for consumer protection in relation to investments, life and general insurance, superannuation and banking (except lending). Its outcome is: improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

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

The **Clean Energy Finance Corporation** seeks to mobilise capital investment in renewable energy, low emissions technology and energy efficiency in Australia through commercial loans, equity investments and limited loan guarantees. Its outcome is: facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders.

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

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

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

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

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

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

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

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

Figure 1: Treasury portfolio structure and outcomes



Australian Taxation Office

Commissioner: Mr Chris Jordan AO

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

Clean Energy Finance Corporation

Chief Executive Officer: Mr Oliver Yates

Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders

Commonwealth Grants Commission

Secretary: Mr John Spasojevic

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

Inspector-General of Taxation

Inspector-General: Mr Ali Noroozi

Improved tax administration through community consultation, review and independent advice to Government

National Competition Council

President: Mr David Crawford

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

Office of the Auditing and Assurance Standards Board

Chairman: Ms Merran Kelsall

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

Office of the Australian Accounting Standards Board

Chairman: Ms Kris Peach

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

Productivity Commission

Chairman: Mr Peter Harris

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

Royal Australian Mint

Chief Executive Officer: Mr Ross MacDiarmid

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

PORTFOLIO RESOURCES

Table 1 shows the total new resources provided to the portfolio in the 2015-16 Budget year by entity.

Table 1: Portfolio resources 2015-16

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	36,724	-	92,090,407	-	92,127,131
Departmental appropriations	164,653	1,700	-	8,718	175,071
Total:	201,377	1,700	92,090,407	8,718	92,302,202
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	428,565	32,699	-	44,153	505,417
Total:	428,565	32,699	-	44,153	505,417
Australian Competition and Consumer Commission					
Administered appropriations	-	-	20	-	20
Departmental appropriations	164,815	1,300	-	2,764	168,879
Total:	164,815	1,300	20	2,764	168,899
Australian Office of Financial Management					
Administered appropriations	10	-	495,142,738	-	495,142,748
Departmental appropriations	11,907	-	-	811	12,718
Total:	11,917	-	495,142,738	811	495,155,466
Australian Prudential Regulation Authority					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,237	-	118,951	4,930	125,118
Total:	1,237	-	118,951	4,930	125,118
Australian Securities and Investments Commission					
Administered appropriations	6,794	-	110,056	-	116,850
Departmental appropriations	330,761	1,793	1,000	2,147	335,701
Total:	337,555	1,793	111,056	2,147	452,551
Australian Taxation Office					
Administered appropriations	611	-	14,409,404	-	14,410,015
Departmental appropriations	3,258,560	68,461	-	133,133	3,460,154
Total:	3,259,171	68,461	14,409,404	133,133	17,870,169

Table 1: Portfolio resources 2015-16 (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Clean Energy Finance Corporation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	-	44,925	44,925
Total:	-	-	-	44,925	44,925
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6,307	-	-	-	6,307
Total:	6,307	-	-	-	6,307
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	6,532	198	-	-	6,730
Total:	6,532	198	-	-	6,730
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,740	-	-	-	1,740
Total:	1,740	-	-	-	1,740
Office of the Auditing and Assurance Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,198	-	-	36	2,234
Total:	2,198	-	-	36	2,234
Office of the Australian Accounting Standards Board					
Administered appropriations	-	-	-	-	-
Departmental appropriations	3,730	-	-	767	4,497
Total:	3,730	-	-	767	4,497
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	33,744	-	-	1,036	34,780
Total:	33,744	-	-	1,036	34,780
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	-	156,525	-	156,525
Total:	-	-	156,525	-	156,525
Resources available within the Treasury portfolio:					606,837,560

ENTITY RESOURCES AND PLANNED PERFORMANCE

Department of the Treasury

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 Department of the Treasury (the Treasury) provides policy advice and assists Treasury Ministers in the administration of their responsibilities and the administration of government decisions across a range of policy and programme areas.

The Treasury provides macroeconomic policy advice based on careful monitoring and analysis of economic conditions and prospects both in Australia and overseas, including assessment of key risks to the outlook as discussed in detail in Budget Paper No. 1, *Budget Strategy and Outlook 2015-16*.

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

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

In 2015-16, the Treasury will assist the Government to implement its tax agenda. This will involve consulting with stakeholders, analysing the regulatory impact as well as the economic and social effects of taxation policy proposals, and providing revenue forecasts and costings of taxation policies. The Treasury will also instruct parliamentary counsel on the design of taxation laws and support the passage of legislation through Parliament.

The Treasury will continue to support the Government in its preparation of a tax White Paper. The Government's objective is to achieve a better tax system that delivers taxes that are lower, simpler and fairer. The Treasury will assist the Government in preparing an options (green) paper in the second half of 2015, and a white paper prior to the next election, as well as stakeholder engagement and communications activities.

The Treasury will advise the Government on its response to the Competition Policy Review and assist with the implementation. Advice will also be provided on policy affecting small businesses and on Australia's corporation, competition and consumer law frameworks. The Treasury will also contribute to the forthcoming review of the Australian Consumer Law through its involvement in Consumer Affairs Australia New Zealand.

The Treasury will continue to implement the Government's deregulation agenda and will manage the portfolio's contribution to the Government's red tape reduction target by focusing on eliminating inefficient or unnecessary regulation that imposes unwarranted burdens on business, individuals and the community.

The Treasury will continue to monitor international developments and prudential frameworks applying to banks, insurers and superannuation funds. Advice will be provided on appropriate regulatory frameworks for securities markets, financial advice, disclosure requirements, corporate governance and funds management arrangements. The Treasury will assist the Government in implementing its response to the Financial System Inquiry.

The Treasury will work with the Government and the Foreign Investment Review Board to maintain the right balance between protecting Australia's national interest and ensuring that Australia remains an attractive destination for foreign capital. In particular, the Treasury will assist the Government to implement the improvements to the foreign investment framework announced on 2 May 2015.

Following on from Australia's 2014 G20 Presidency, the Treasury will continue its involvement with the G20 Finance Ministers' and Central Bank Governors' meetings as a member of the G20 Troika (past, current and future Presidencies). This will allow the Treasury to continue to help shape the international economic agenda, as well as influencing the implementation of key G20 initiatives.

A key outcome of Australia's 2014 G20 Presidency was the establishment of the Global Infrastructure Hub, designed to drive progress on the G20 infrastructure agenda and to move engagement with the private sector beyond business as usual. The Hub will work to address data gaps, lower barriers to investment, increase the availability of investment-ready projects, help match potential investors with projects and improve policy delivery.

The Hub is a not for profit company limited by guarantee with the Secretary to the Treasury as the Chair of the Board and strong links to the G20. Supporting the Hub in its inaugural year will be an important area of strategic focus for the department over the coming year. The Hub is headquartered in Sydney.

The Treasury supports ongoing reform of international financial institutions (IFIs) and close engagement with regional financial forums. The Treasury will continue its bilateral cooperation with a number of strategically important regional partners in the Indo-Pacific region.

The Treasury will also continue with its ongoing programme of organisational reform through its response to the Australian Public Service Commission Capability Review.

A key organisational focus over the coming year is to continue the establishment of a Treasury office in Sydney. The Sydney office will help the Treasury to supplement the current skills of the department.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	<i>Estimate of prior year amounts available in 2015-16 \$'000</i>	<i>Proposed at 2015-16 Budget \$'000</i>	<i>Total 2015-16 estimate \$'000</i>
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	-	62,240	-	62,240
Departmental appropriation (c)	178,140	-	164,653	164,653
s74 Retained revenue receipts (d)	10,117	-	10,521	10,521
Total	188,257	62,240	175,174	237,414
Administered expenses				
Outcome 1	50,368	-	36,724	36,724
Total	50,368	-	36,724	36,724
Total ordinary annual services [A]	238,625	62,240	211,898	274,138
Other services (e)				
Departmental non-operating				
Equity injections	-	-	1,700	1,700
Total	-	-	1,700	1,700
Total other services [B]	-	-	1,700	1,700
Total available annual appropriations [A+B]	238,625	62,240	213,598	275,838

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	Actual Available Appropriation 2014-15 \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Special appropriations				
<i>Asian Development Bank (Additional Subscription) Act 2009</i>	16,979	-	28,030	28,030
<i>Federal Financial Relations Act 2009</i>	73,248,732	-	77,033,023	77,033,023
<i>International Monetary Agreements Act 1947</i>	135,910	-	1,994,862	1,994,862
<i>PGPA Act 2013 - s77 repayments</i>	3,874	-	1,000	1,000
Total special appropriations [C]	73,405,495	-	79,056,915	79,056,915
Total appropriations excluding special accounts	73,644,120	62,240	79,270,513	79,332,753
Special accounts				
Opening balance (f)	870,846	2,921,446		2,921,446
Appropriation receipts	2,000,000	-	-	-
Non-appropriation receipts to Special Accounts	12,267,561	-	13,033,492	13,033,492
Total special accounts [D]	15,138,407	2,921,446	13,033,492	15,954,938
Total resourcing [A+B+C+D]	88,782,527	2,983,686	92,304,005	95,287,691
Less appropriations drawn from annual or special appropriations above and credited to special accounts	2,000,000	-	-	-
Total net resourcing for the Treasury	86,782,527	2,983,686	92,304,005	95,287,691

(a) Appropriation Bill (No.1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$5.4 million in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Appropriation Bill (No.2) 2015-16.

(f) Estimated opening balance for special accounts (less '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 accounts see Table 3.1.2.

Reader note: All figures are GST exclusive.

Third Party Payments from and on behalf of other entities

	2014-15 \$'000	2015-16 \$'000
Payments made on behalf of other entities		
Finance	-	68,182
Health	650,154	239,678
Infrastructure and Regional Development	255,680	179,920
Social Services	135,220	107,716

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: Entity 2015-16 Budget measures

Part1: Measures announced since the 2014-15 MYEFO

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Revenue measures						
Administered revenue						
Developing Northern Australia – Northern Australia Infrastructure Facility						
Administered revenue	1.3	-	-	61,323	122,274	182,815
GST – compliance programme - three year extension						
Administered revenue	1.4	-	-	92,600	88,300	84,600
Total revenue measures		-	-	153,923	210,574	267,415
Administered		-	-	153,923	210,574	267,415
Expense measures						
A New Remote Indigenous Housing Strategy						
Administered expenses	1.9	-	-	-	-	-
Asia Pacific Project Preparation Facility - Australia contribution						
Administered expenses	1.2	-	5,000	5,000	-	-
Commonwealth contribution to the East West Link Project						
Administered expenses	1.9	(100,000)	(300,000)	(600,000)	-	(500,000)
Community engagement campaign on economic issues						
Administered expenses	1.1	6,200	-	-	-	-

Table 1.2: Entity 2015-16 Budget measures

Part1: Measures announced since the 2014-15 MYEFO (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Developing Northern Australia - improving northern cattle supply chains						
Administered expenses	1.9	-	-	35,000	35,000	30,000
Developing Northern Australia - Northern Australia Infrastructure Facility						
Administered expenses	1.3	-	-	386,800	386,800	386,800
Departmental expenses	1.1	-	1,000	1,500	2,000	2,000
Developing Northern Australia - Northern Australia Insurance Premiums Taskforce - establishment						
Departmental expenses	1.1	-	1,396	-	-	-
Families Package - Child Care - National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care						
Administered expenses	1.9	-	-	2,600	1,300	-
Families Package - National Partnership Agreement on Universal Access to Early Childhood Education - extension						
Administered expenses	1.9	-	124,505	418,005	297,484	-

Table 1.2: Entity 2015-16 Budget measures

Part1: Measures announced since the 2014-15 MYEFO (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
GST – applying to digital products and services imported by consumers						
Administered expenses	1.4	-	-	-	150,000	200,000
GST – compliance programme - three year extension						
Administered expenses	1.4	-	-	493,500	612,300	710,300
GST – not proceeding with a reverse charge for going concerns and farmland						
Administered expenses	1.4	-	*	*	*	*
Improving Immunisation Coverage Rates						
Administered expenses	1.9	-	-	1,823	1,859	1,888
Indigenous Advancement Strategy - remote Indigenous internet training						
Administered expenses	1.9	-	(2,191)	(2,237)	(2,284)	-
Infrastructure Investment Programme - savings						
Administered expenses	1.9	(62,450)	(27,500)	(5,000)	(5,000)	(5,000)
Infrastructure Investment Programme - Victoria - reallocation						
Administered expenses	1.9	-	-	-	-	-
Mechanical Fuel Load Reduction Trial						
Administered expenses	1.9	-	1,000	500	-	-
Municipal and Essential Services - transition arrangements for South Australia						
Administered expenses	1.9	15,000	-	-	-	-

Table 1.2: Entity 2015-16 Budget measures

Part1: Measures announced since the 2014-15 MYEFO (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
National Disability Insurance Scheme - Sector Development Fund transfer						
Administered expenses	1.9	-	2,584	-	-	-
National Immunisation Programme - new and amended listings						
Administered expenses	1.9	-	51	709	1,600	1,551
National Partnership Agreement on Homelessness - extension						
Administered expenses	1.9	-	115,000	115,000	-	-
National Partnership Agreement on the Northern Territory Remote Aboriginal Investment						
Administered expenses	1.9	-	147,713	(10,314)	(11,940)	(12,641)
National Partnership on Legal Assistance Services - continuation						
Administered expenses	1.9	-	40,021	42,222	30,122	30,582
Pharmaceutical Benefits Scheme - price changes	1.9	103	422	452	457	461
Serious Financial Crime taskforce – addressing financial and tax fraud	1.4	-	100	600	1,100	1,400
Strengthening Australia's foreign investment framework						
Administered expenses	1.3	-	2,692			
Departmental expenses	1.1	-	8,243	7,743	7,523	7,602

Table 1.2: Entity 2015-16 Budget measures

Part1: Measures announced since the 2014-15 MYEFO (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Strengthening the Integrity of Welfare Payments						
Administered expenses	1.9	-	724	738	752	765
Supporting Drought Affected Communities - local infrastructure and management of pest impact						
Administered expenses	1.9	-	15,000	4,000	4,000	2,000
Tasmanian Irrigation Tranche II - contribution						
Administered expenses	1.9	-	34,428	18,000	-	7,572
Western Australian Infrastructure Projects						
Administered expenses	1.9	499,057	-	-	-	-
World Bank Global Infrastructure Facility & Australian contribution						
Administered expenses	1.2	-	12,500	12,500	-	-
Total expense measures		357,910	170,188	916,641	1,513,073	865,280
Administered		357,807	171,527	918,846	1,501,993	853,817
Departmental		-	10,639	9,243	9,523	9,602
Capital measures						
Strengthening Australia's foreign investment framework						
Departmental capital	1.1	-	1,700	-	-	-
Strengthening the Integrity of Welfare Payments						
Administered capital	1.9	-	-	-	-	-
Total capital measures		-	1,700	-	-	-
Administered		-	-	-	-	-
Departmental		-	1,700	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The Treasury's outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the Treasury in achieving Government outcomes.

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

Outcome 1 strategy

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

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

- policies that help to improve Australia’s productivity by reducing the regulatory burden imposed on businesses, individuals and the community;
- a range of international economic policy issues, including furthering Australia’s multilateral and bilateral economic priorities and shaping the evolution of the international and regional economic architecture; and
- the administration of a range of payments which are reported in Programmes 1.2 to 1.9.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for outcome 1, by programme.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Department of the Treasury		
Departmental expenses		
Departmental appropriation (a)	180,906	167,456
Special accounts	1,629	1,803
Expenses not requiring appropriation in the Budget year (b)	13,777	11,717
Administered expenses		
Other services (Appropriation Bill No. 1)	36,671	3,230
Special appropriations	3,874	1,000
Expenses not requiring appropriation (b)	-	168
Total for Programme 1.1	236,857	185,374
Programme 1.2: Payments to International Financial Institutions		
Administered expenses		
Other services (Appropriation Bill No. 1)	37,972	17,500
Special appropriations	4,341	2,783
Expenses not requiring appropriation (b)	246,858	-
Total for Programme 1.2	289,171	20,283
Programme 1.3: Support for Markets and Business		
Administered expenses		
Other services (Appropriation Bill No. 1 and No. 5)	11,925	15,994
Total for Programme 1.3	11,925	15,994
Programme 1.4: General Revenue Assistance		
Administered expenses		
Special appropriations	54,000,000	57,050,000
Special accounts	1,178,135	698,882
Total for Programme 1.4	55,178,135	57,748,882

Table 2.1: Budgeted expenses for Outcome 1 (continued)

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.5: Assistance to the states for Healthcare Services		
Administered expenses		
Special appropriations	15,459,388	16,440,882
Total for Programme 1.5	15,459,388	16,440,882
Programme 1.6: Assistance to the states for Skills and Workforce Development		
Administered expenses		
Special appropriations	1,435,176	1,455,484
Total for Programme 1.6	1,435,176	1,455,484
Programme 1.7: Assistance to the states for Disability Services		
Administered expenses		
Special appropriations	1,393,690	1,442,205
Total for Programme 1.7	1,393,690	1,442,205
Programme 1.8: Assistance to the states for Affordable Housing		
Administered expenses		
Special appropriations	1,305,771	1,324,052
Total for Programme 1.8	1,305,771	1,324,052
Programme 1.9: National Partnership Payments to the states		
Administered expenses		
Special accounts	9,443,507	10,546,992
Total for Programme 1.9	9,443,507	10,546,992
Outcome 1 Totals by appropriation type		
Administered expenses		
Other services (Appropriation Bill No. 1)	86,568	36,724
Special appropriations	73,602,240	77,716,406
Special accounts	10,621,642	11,245,874
Expenses not requiring appropriation	246,858	168
Departmental expenses		
Departmental appropriation (a)	180,906	167,456
Special accounts	1,629	1,803
Expenses not requiring appropriation	13,777	11,717
Total expenses for Outcome 1	84,753,620	89,180,148
	2014-15	2015-16
Average staffing level (number)	815	833

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74).

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

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

Contributions to Outcome 1

Programme 1.1: Department of the Treasury

Programme objective

The objectives of the Treasury are:

- promoting a sound macroeconomic environment by monitoring and assessing economic conditions and prospects both in Australia and overseas, and providing advice on macroeconomic policy including fiscal and monetary policy;
- promoting effective government spending arrangements that contribute to overall fiscal outcomes, influence strong sustainable economic growth and improve the wellbeing of Australians;
- developing effective taxation and retirement income arrangements consistent with the Government's reform priorities; and
- promoting well-functioning markets that encourage competitive and efficient markets and contribute to consumer and investor confidence; a secure and competitive financial system and sound corporate practices; a reduced regulatory burden on businesses, individuals and the community; and a well regulated, competitive and efficient small business sector.

Programme expenses

Changes in estimates for the forward years predominantly reflect the impact of budget measures.

Table 2.2: Programme 1.1 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Departmental expenses					
Departmental items	182,535	169,259	163,493	164,516	165,898
Expenses not requiring appropriation (a)	13,777	11,717	9,358	9,408	9,445
Total departmental expenses	196,312	180,976	172,851	173,924	175,343
Administered expenses					
Community Engagement (b)	36,200	-	-	-	-
Foreign investment Communications	-	2,692	-	-	-
Other	471	538	-	-	-
Expenses not requiring appropriation (a)	-	168	600	1,074	1,583
PGPA s77 - repayments	3,874	1,000	1,000	1,000	1,000
Total administered expenses	40,545	4,398	1,600	2,074	2,583
Total programme expenses	236,857	185,374	174,451	175,998	177,926

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

(b) The Treasury was allocated \$36.2 million in the 2014-15 Portfolio Supplementary Additional Estimates Statements to engage with the community on economic challenges.

Programme 1.1 deliverables

Macroeconomic Group

In 2015-16, Macroeconomic Group will provide advice on:

- domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies; and
- the setting of sound macroeconomic policies and assessments of government policies.

Macroeconomic Group will continue its involvement with G20 Finance Ministers' and Central Bank Governors' meetings as a member of the G20 troika. Macroeconomic Group will also maintain its close engagement with regional financial forums and support reform of the international financial institutions.

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

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

Fiscal Group

In 2015-16, Fiscal Group will provide advice on:

- fiscal strategy, with the aim of ensuring fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- strategies that address intergenerational challenges, including social, fiscal and environmental sustainability;
- a range of policy issues including disability support, education funding, health, aged care, skills, employment and policies to support regional industry structural adjustment; and
- Commonwealth-State financial relations.

Fiscal Group will also coordinate the preparation of the Commonwealth Budget and other documents required under the *Charter of Budget Honesty Act 1998* and support Commonwealth-State relationships through the coordination and delivery of various Commonwealth-State forums.

Revenue Group

In 2015-16, Revenue Group will provide advice on:

- the regulatory effects and costs of taxation policy proposals;
- implementation of the Government's taxation and retirement income reform agenda including decisions in the Government's 2015-16 Budget;
- the Government's tax White Paper process to achieve a better tax system;
- the impacts of the tax system and retirement income proposals including on government finances, economic growth, and their distributional impact and overall efficiency and effectiveness; and
- Australia's participation in international forums, including the Organisation for Economic Co-operation and Development, in relation to the base erosion and profit shifting project and international exchange of tax information.

Markets Group

In 2015-16, Markets Group will provide advice on:

- the implementation of the Government's election and budget commitments in relation to the small business sector (including the implementation of the Small Business and Jobs Package and the establishment of the Australian Small Business and Family Enterprise Ombudsman);
- Australia's financial system and services regulatory policy framework including supporting the Government in implementing appropriate recommendations from the Financial System Inquiry;
- the competition and consumer policy framework, including the Government's response to the Competition Policy Review;
- the Government's deregulation agenda;
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies; and
- foreign investment issues including assessing foreign investment proposals and implementing the Government's commitment to strengthen the framework, particularly around residential real estate and agricultural investments.

Markets Group will also provide secretariat support to the North Australia Premiums Insurance Taskforce.

Corporate Services and Strategy Group

In 2015-16, Corporate Services and Strategy Group will:

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

Programme 1.1 key performance indicators

The Treasury has the following key performance indicators:

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

perspective. The degree of client satisfaction with the quality and timeliness of the advice provided is assessed through formal and informal feedback mechanisms;

- timely, high-quality, accurate and transparent Budget, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documents that meet the expectations of the Government, the Parliament and the public. The budget preparation and coordination process is subject to an annual evaluation;
- published reports and other information stimulate and inform government and public debate through robust analysis, modelling and research. Publications are timely, high quality and widely available to the public; and
- legislation progressed by the Treasury is in accordance with the principles of good law design and is delivered according to Government priorities.

Programme 1.2: Payments to International Financial Institutions

Programme objective

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

Payments are also made to multilateral development banks to which Australia is a member, specifically the World Bank Group, the Asian Development Bank and the European Bank for Reconstruction and Development, as required, to facilitate the achievement of government objectives in international forums, including support for development objectives through the multilateral development banks, and multilateral debt relief.

Programme expenses

Only expense items are recorded in Table 2.3. Substantial payments are also made to the international financial institutions as administered capital. These payments are shown in Tables 1.1 and 3.2.10.

Table 2.3: Programme 1.2 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Administered expenses					
Annual appropriations					
Contribution to the Poverty Reduction and Growth Trust	37,972	-	-	-	-
Global Infrastructure Facility	-	12,500	12,500	-	-
Asia Pacific Project Preparation Facility	-	5,000	5,000	-	-
Special appropriations					
<i>International Monetary Agreements Act 1947</i>	4,341	2,783	2,819	2,827	2,834
Expenses not requiring appropriation (a)	246,858	-	-	-	-
Total program expenses	289,171	20,283	20,319	2,827	2,834

(a) Expenses not requiring appropriation in relates to net foreign exchange loss.

Programme 1.2 deliverables

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

Programme 1.2 key performance indicators

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

Programme 1.3: Support for Markets and Business

Programme objective

To provide funding to support markets and business as outlined below.

- Payments are made in respect of insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio. The Housing Loans Insurance Company Limited pre-transfer contract portfolio will be managed to ensure all liabilities arising from claims under this portfolio are met and any related debts are recovered.
- Payments of assistance are also made to eligible HIH insurance policy holders under the HIH Claims Support Scheme. Payments are not classified as expenses and therefore do not appear in Table 2.4. The HIH Claims Support Scheme is now focused on winding-up the claims portfolio.

- Contribution to the establishment and operation of the Global Infrastructure Hub (the Hub).
- Grants under the Australian Small Business Advisory Services programme are provided to eligible not-for profit small business advisory service providers, to improve their capacity to deliver low cost small business advisory and information services.
- The services of a single provider – Datacom Connect Pty Ltd – are procured to deliver:
 - The Small Business Support Line initiative, which aims to provide small business owners with a single point of contact to access information and referral services.
 - The Australian Small Business Commissioner’s Information Line, which provides information and assistance to small businesses, including referral to dispute resolution services.
- The Australian Government has announced a Northern Australia Infrastructure Facility to provide up to \$5 billion in concessional loans to promote private sector participation in infrastructure. The concessional loans facility will be available to support significant infrastructure projects that the private sector would not be able to fund or finance without government assistance.
 - The Commonwealth will partner with the Queensland, Western Australian or Northern Territory governments and the private sector to meet infrastructure investment needs. Loans will be negotiated with the aim of supporting projects that are able to return at least the Government bond rate over the term of the loan.

Programme expenses

Due to the 23 December 2014 changes to the Administrative Arrangements Order, administered funding for the following small business programmes is now held by the Treasury:

- Australian Small Business Advisory Services;
- Small Business Support Line; and
- Australian Small Business Commissioner’s Information Line.

Table 2.4: Programme 1.3 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Administered expenses					
Annual appropriations					
Centre for International Finance and Regulation	1,000	-	-	-	-
Housing Loan Company Limited - payments in respect of insurance claims	675	675	675	-	-
Global Infrastructure Hub	3,400	7,700	6,800	6,800	3,400
Small Business Advisory Services	6,008	6,319	6,014	6,306	5,994
Small Business Support Line	842	1,300	-	-	-
Expenses not requiring appropriation (a)	-	-	386,766	386,766	386,766
Total program expenses	11,925	15,994	400,255	399,872	396,160

(a) These amounts represent the concessional expense component of the loans proposed under the Northern Australia Infrastructure Facility.

Programme 1.3 deliverables

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

Payments to Australian Small Business Advisory Services providers are made according to funding agreements with the Commonwealth of Australia managed by the Department of Industry and Science on behalf of the Treasury.

Payments to the Hub are made in accordance with the grant agreement.

Payments to Datacom Connect Pty Ltd regarding the Australian Small Business Advisory Services and the Australian Small Business Commissioner's Information Line are made according to the Contact Centre procurement contract managed by the Department of Industry and Science on behalf of the Treasury.

Programme 1.3 key performance indicators

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

Payments to the Hub are made according to the grant agreement.

The key performance indicators for the Australian Small Business Advisory Services and the Small Business Support Line are set out below:

<i>Programme</i>	<i>Key performance indicator</i>	<i>2014-15 Revised estimate</i>	<i>2015-16 Budget</i>	<i>2016-17 Forward estimate</i>	<i>2017-18 Forward estimate</i>
Australian Small Business Advisory Services	Number of additional services provided to enterprising people through the Australian Small Business Advisory Services	6,000	25,000	25,000	20,000
Small Business Support Line	Number of clients accessing the Small Business Support Line	26,000	26,700	-	-

Programme 1.4: General revenue assistance

Programme objective

The Government will make general revenue assistance payments to the states and territories.

Under the *Intergovernmental Agreement on Federal Financial Relations*, the states are entitled to receive payments from the Commonwealth equivalent to the revenue received from the GST. This funding is provided to the states without conditions, to spend according to their own budget priorities.

In addition, the Government will make payments of other general revenue assistance to the states, to spend without conditions, consisting of:

- payments to the Australian Capital Territory to assist in meeting the additional municipal costs which arise from Canberra's role as the National Capital and to compensate for the additional costs resulting from the national capital planning influences on the provision of water and sewerage services;
- payments to Western Australia to compensate for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise;
- payments to Western Australia as a share of royalties collected by the Commonwealth under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia;

- payments to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory; and
- payments to New South Wales and Victoria to compensate for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the states' shareholdings.

Elements of this programme are linked to the Industry portfolio. Also refer to Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.5: Programme 1.4 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>	54,000,000	57,050,000	60,950,000	64,500,000	68,200,000
Special accounts					
COAG Reform Fund					
ACT Municipal Services	37,983	38,515	39,131	39,757	40,393
Reduced Royalties	46,468	29,466	29,898	24,983	20,523
Royalties	1,025,713	555,901	566,365	508,929	408,765
Taxation Compensation in Respect of Snowy Hydro Limited	67,971	75,000	75,000	75,000	75,000
Total program expenses	55,178,135	57,748,882	61,660,394	65,148,669	68,744,681

Programme 1.4 deliverables

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

Programme 1.4 key performance indicators

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

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

Programme 1.5: Assistance to the states for healthcare services

Programme objective

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

From July 2014 to June 2017, National Health Reform funding is linked to the level of services delivered by public hospitals as provided under the *National Health Reform Agreement*. During this period, each State and Territory's entitlement will be directly linked to the activity level of services provided in a jurisdiction.

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

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.6: Programme 1.5 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations					
National Health Reform funding -					
<i>Federal Financial Relations Act 2009</i>	15,459,388	16,440,882	17,382,372	-	-
Public hospitals funding -					
<i>Federal Financial Relations Act 2009</i>	-	-	-	18,103,280	18,873,062
Total program expenses	15,459,388	16,440,882	17,382,372	18,103,280	18,873,062

Programme 1.5 deliverables

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

Programme 1.5 key performance indicators

The Commonwealth Treasury will transfer to the National Health Funding Pool the amount of Commonwealth funding to which each State and Territory (including Local Hospital Networks in each jurisdiction) is entitled, and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

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

The states and territories are required to spend National Health Reform funding in the healthcare sector. Each State and Territory Treasurer will provide a report to the *Council on Federal Financial Relations* demonstrating expenditure of National Health Reform funding within the sector is in accordance with the *Intergovernmental Agreement on Federal Financial Relations* and the *National Health Reform Agreement*.

Programme 1.6: Assistance to the states for skills and workforce development

Programme objective

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

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.7: Programme 1.6 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,435,176	1,455,484	1,479,645	1,504,207	1,529,177
Total program expenses	1,435,176	1,455,484	1,479,645	1,504,207	1,529,177

Programme 1.6 deliverables

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

Programme 1.6 key performance indicators

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

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

The states and territories are required to spend the National Skills and Workforce Development SPP in the skills and workforce sector. Each State and Territory Treasurer will provide a report to the *Council on Federal Financial Relations* demonstrating expenditure of the National Skills and Workforce Development SPP

within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.7: Assistance to the states for disability services

Programme objective

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

Since 2011-12, an adjustment has been made to the National Disability SPP to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services, as part of the *National Health Reform* arrangements, are budget neutral. Estimates of this are not published below as negotiations are still being finalised.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.8: Programme 1.7 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009</i>	1,393,690	1,442,205	1,493,155	1,551,794	1,616,659
Changed roles and responsibilities - adjustment to achieve budget neutrality(a)	nfp	nfp	nfp	nfp	nfp
Total programme expenses	1,393,690	1,442,205	1,493,155	1,551,794	1,616,659

(a) Funding adjustment is subject to negotiation.

Programme 1.7 deliverables

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

Programme 1.7 key performance indicators

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

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

The states and territories are required to spend the National Disability SPP in the disability services sector. Each state and territory Treasurer will provide a report to the *Council for Federal Financial Relations* demonstrating expenditure of the National Disability SPP within the sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*.

Programme 1.8: Assistance to the states for affordable housing

Programme objective

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

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.9: Programme 1.8 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i>	1,305,771	1,324,052	1,345,237	1,366,760	1,388,629
Total programme expenses	1,305,771	1,324,052	1,345,237	1,366,760	1,388,629

Programme 1.8 deliverables

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

Programme 1.8 key performance indicators

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

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

The states and territories are required to spend the National Affordable Housing SPP in the affordable housing sector. Each State and Territory Treasurer will provide a report to the *Council on Federal Financial Relations* demonstrating expenditure of the

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

Programme 1.9: National Partnership Payments to the states

Programme objective

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

This programme is linked to the Agriculture portfolio; Attorney-General's portfolio; Communications portfolio; Defence portfolio; Education portfolio; Environment portfolio; Finance portfolio; Foreign Affairs and Trade portfolio; Health portfolio; Industry portfolio; Infrastructure and Regional Development portfolio; Prime Minister and Cabinet portfolio; and Social Services portfolio. Also refer to Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Programme expenses

Explanation of changes to programme estimates across the forward years can be found in Budget Paper No. 3, *Federal Financial Relations 2015-16*.

Table 2.10: Programme 1.9 expenses

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special accounts						
COAG Reform Fund						
Agriculture portfolio						
Assistance for water infrastructure and pest management in drought-affected areas	1.2	10,000	15,000	4,000	4,000	2,000
Assistance to farm businesses for water-related infrastructure	1.2	7,000	-	-	-	-
Mechanical Fuel Load Reduction trial	1.3	-	1,000	500	-	-
Pest and disease preparedness and response programmes	2.2	23,127	9,338	9,602	10,028	13,554
South Australian River Murray Sustainability Programme Irrigation industry assistance	1.2	23,500	28,000	39,500	16,500	10,000
Total		63,627	53,338	53,602	30,528	25,554
Attorney-General's portfolio						
Bushfire mitigation	1.6	4,500	4,500	4,500	-	-
Legal assistance services	1.3	204,362	247,971	253,499	244,362	247,825
Natural Disaster Relief and Recovery Arrangements (a)	1.7	36,300	32,507	5,227	(636)	(1,160)
Natural disaster resilience	1.6	25,709	39,541	26,100	-	-
Schools Security Programme	1.6	966	966	-	-	-
Total		271,837	325,485	289,326	243,726	246,665
Communications portfolio						
Online safety programmes in schools	1.2	-	2,500	2,500	2,500	-
Total		-	2,500	2,500	2,500	-
Defence portfolio						
School Pathways Program	1.3	1,287	-	-	-	-
Total		1,287	-	-	-	-

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Education portfolio						
Building Australia's Future Workforce -Skills Reform	3.8	377,212	377,439	516,328	-	-
Independent Public Schools initiative	2.1	26,160	19,920	19,920	nfp	nfp
Industry and Indigenous Skills Centres	3.8	76	-	-	-	-
Joint Group Training Programme	3.8	11,533	-	-	-	-
More support for students with disabilities	2.6	46,357	-	-	-	-
National School Chaplaincy Programme	2.3	60,587	60,587	60,587	60,587	-
Trade training centres in schools	2.4	69,941	51,213	-	-	-
Universal access to early childhood education	1.3	439,443	407,655	418,005	297,484	-
Total		1,031,309	916,814	1,014,840	358,071	-
Environment portfolio						
Great Artesian Basin Sustainability Initiative	4.1	4,595	6,000	6,000	-	-
Implementation of the Tasmanian Forests Intergovernmental Agreement	1.1	13,020	12,769	10,002	10,253	-
Implementing Water Reform in the Murray-Darling Basin	4.1	20,000	20,000	20,000	20,000	20,000
National Urban Water and Desalination Plan	4.1	1,550	-	-	-	-
National Water Security						
Plan for Cities and Towns	4.1	10,110	2,945	-	-	-
Port Arthur Penitentiary restoration	1.4	1,500	-	-	-	-
South Australian River Murray Sustainability Programme Irrigation efficiency and water purchase	4.1	29,000	45,000	23,500	8,500	-
Sustainable Rural Water Use and Infrastructure Programme	4.1	403,376	565,347	443,758	197,529	65,243
Whale and dolphin entanglements	1.4	276	84	224	-	-
Total		483,427	652,145	503,484	236,282	85,243

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Finance portfolio						
Provision of Fire Services	2.4	18,995	19,660	20,347	21,059	21,797
Total		18,995	19,660	20,347	21,059	21,797
Foreign Affairs and Trade portfolio						
Developing demand - driver infrastructure for tourism industry	1.14	4,677	14,319	13,275	10,822	-
Total		4,677	14,319	13,275	10,822	-
Health portfolio						
Accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory	5.3	10,000	-	-	-	-
Adult Public Dental Services	3.6	-	155,000	nfp	nfp	nfp
Albury-Wodonga Hospital Cardiac Catheterisation Laboratory	7.5	-	3,500	1,500	-	-
Bright Hospital - feasibility study	7.5	100	50	-	-	-
Canberra Hospital - dedicated paediatric emergency care	7.5	5,000	-	-	-	-
Cancer Support Clinic in Katherine	7.5	500	-	-	-	-
Casino and District Memorial Hospital	7.5	3,000	-	-	-	-
Construction of Palmerston Hospital	7.5	20,000	20,000	-	-	-
Essential vaccines	1.3	211,140	138,804	143,343	146,331	148,136
Expansion of the BreastScreen Australia Programme	1.1	12,362	13,614	15,789	-	-
Health and Hospitals Fund						
- Hospital infrastructure and other projects of national significance	7.5	66,400	600	-	-	-
- National cancer system	7.5	112,387	63,098	1,471	1,600	-
- Regional priority round	7.5	471,367	175,980	93,549	27,930	-
Health care grants for the Torres Strait	4.1	4,519	4,600	4,653	-	-
Hepatitis C settlement fund	7.6	726	740	-	-	-
Hummingbird House	1.1	1,500	800	800	800	800

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Improving Health Services in Tasmania						
- Better access to community based palliative care services	4.1	1,700	1,700	-	-	-
- Cradle Coast Connected Care Clinical Repository	7.1	250	250	-	-	-
- Improving patient pathways through clinical and system redesign	4.1	5,337	8,985	-	-	-
- Innovative flexible funding for mental health	5.4	1,025	1,025	-	-	-
- Reducing elective surgery waiting lists in Tasmania	4.1	19,302	10,886	-	-	-
Improving local access to health care on Phillip Island	7.5	-	2,500	-	-	-
Improving Public Hospital Services						
- National Elective Surgery Target - Reward funding	4.1	14,471	-	-	-	-
- National Emergency Access Target - Reward funding	4.1	45,248	-	-	-	-
Improving trachoma control services for Indigenous Australians	5.3	4,079	4,161	4,244	-	-
Indigenous early childhood development – antenatal and reproductive health	5.3	31,454	-	-	-	-
National Bowel Cancer Screening Programme - participant follow-up function	1.1	1,866	2,420	4,747	6,352	-
National Coronial Information System	1.2	441	-	-	-	-
National Perinatal Depression Initiative	5.4	8,200	nfp	nfp	-	-
Northern Territory remote Aboriginal investment - Health	5.3	-	5,649	5,905	6,171	6,448
Oncology Day Treatment Centre at Frankston Hospital	7.5	650	-	-	-	-
OzFoodNet	9.1	1,693	1,719	1,748	nfp	nfp

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Redevelopment of the Royal Victorian Eye and Ear Hospital	7.5	50,000	50,000	-	-	-
Renal dialysis services in Central Australia	5.3	1,700	-	-	-	-
Rheumatic fever strategy	5.3	3,036	3,074	2,715	-	-
Royal Darwin hospital - equipped, prepared and ready	9.1	15,307	15,461	15,740	16,023	16,311
Stronger Futures in the Northern Territory						
- Hearing health services	5.3	3,184	-	-	-	-
- Oral health services	5.3	2,604	-	-	-	-
Supporting National Mental Health Reform	5.4	51,560	45,251	-	-	-
Torres Strait health protection strategy - mosquito control	9.1	958	973	992	-	-
Torres Strait health protection strategy - Saibai Island Health Clinic	5.3	500	-	-	-	-
Treating more public dental patients	3.6	135,789	-	-	-	-
Upgrade to Ballina Hospital	7.5	1,900	2,600	-	-	-
Vaccine-preventable diseases surveillance	7.4	814	830	845	-	-
Victorian cytology service	1.1	8,888	9,323	9,789	-	-
Warrnambool Integrated Cancer Care Centre	7.5	10,000	-	-	-	-
Total		1,340,957	743,593	307,830	205,207	171,695

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Industry portfolio						
Environmental management of the former Rum Jungle mine site	2.4	3,911	4,295	-	-	-
Regional Infrastructure Programme	2.3	-	10,000	10,000	9,124	-
Total		3,911	14,295	10,000	9,124	-
Infrastructure and Regional Development portfolio						
Building Australia fund						
- Rail projects	1.1	143,500	102,000	130,100	-	-
- Road projects	1.1	41,180	6,920	-	-	-
Centenary of Canberra						
- A gift to the national capital	4.1	2,000	8,000	-	-	-
Infrastructure Growth Package – Asset Recycling Fund						
- New investments	1.1	32,170	528,524	823,736	717,830	248,240
- Western Sydney Infrastructure Plan	1.1	103,000	209,675	299,625	534,700	553,650
Infrastructure Investment Programme						
- Black spot projects	1.1	60,000	60,000	60,000	60,000	60,000
- Bridges renewal programme	1.1	-	60,000	80,000	90,000	70,000
- Heavy vehicle safety and productivity	1.1	884	59,120	64,590	50,000	40,000
- Improving the national network	1.1	462	-	-	-	-
- Investment - Rail	1.1	511,645	227,068	136,996	29,300	17,000
- Investment - Road	1.1	2,921,710	3,710,657	5,668,060	4,112,250	2,325,680
Interstate road transport	2.2	71,002	71,002	71,002	71,002	71,000
Latrobe Valley economic diversification	3.1	1,300	650	-	-	-
Managed motorways	1.1	9,620	-	-	-	-
Murray-Darling Basin - Regional Economic Diversification	3.1	24,870	39,519	30,745	-	-
Northern Australia - Improving cattle supply chains	3.1	-	-	35,000	35,000	30,000
South Australian River Murray Sustainability Programme Regional economic development						
Total	3.1	9,000	7,000	2,000	-	-
		3,932,343	5,090,135	7,401,854	5,700,082	3,415,570

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Prime Minister and Cabinet portfolio						
2014 G20 Leaders' Summit Security	1.1	65,000	-	-	-	-
Municipal and essential services transition fund	2.5	130,871	-	-	-	-
Northern Territory remote Aboriginal investment						
- Children and schooling	2.2	-	42,562	38,443	38,795	33,093
- Community safety	2.3	-	71,799	66,665	57,692	51,356
- Municipal and essential services	2.5	-	154,821	-	-	-
- Remote Australia strategies	2.5	-	55,953	49,692	50,927	3,575
Remote Indigenous Housing	2.5	485,600	363,138	406,543	361,853	-
Remote Indigenous public internet access	2.5	2,150	-	-	-	-
Stronger Futures in the Northern Territory						
- Community services	2.3	79,552	-	-	-	-
- Housing	2.5	55,873	-	-	-	-
- Mobile outreach service plus	2.3	4,474	-	-	-	-
- Schooling	2.2	41,592	-	-	-	-
Total		865,112	688,273	561,343	509,267	88,024

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Social Services portfolio						
Assist Preparation Towards the Launch of the National Disability Insurance Scheme						
	5.2	4,316	616	-	-	-
Home and Community Care	3.2	586,445	617,180	nfp	nfp	nfp
Homelessness	4.1	126,664	115,000	115,000	-	-
National Occasional Care Programme	2.4	1,988	2,020	2,052	2,088	-
National quality agenda for early childhood education and care	2.4	28,619	19,080	21,646	20,330	nfp
Pay equity for the social and community services sector	2.3	130,301	103,042	152,072	189,553	230,386
Component Community Legal Centres	2.3	-	2,971	3,645	4,351	5,076
Component Perinatal depression initiative	2.3	87	nfp	nfp	-	-
Component Western Australia Industrial Relations Committee	2.3	4,832	4,674	6,328	8,161	10,190
Payments from the DisabilityCare Australia Fund	5.2	-	68,182	186,308	321,236	1,813,197
TAFE fee waivers for childcare qualifications	2.4	10,738	-	-	-	-
Transitioning responsibilities for aged care and disability services - Specialist disability services	3.3	nfp	nfp	nfp	nfp	nfp
Trial of My Way sites	5.2	12,489	46,315	-	-	-
Total		906,479	979,080	487,051	545,719	2,058,849

Table 2.10: Programme 1.9 expenses (continued)

	Agency PBS Programme	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Treasury portfolio						
First Home Owners Boost	1.1	(559)	-	-	-	-
Implementation of the National Insurance						
Implementation of the National Insurance Affordability Initiative	1.1	5,020	11,980	-	-	-
Infrastructure Growth Package – Asset Recycling Fund - Asset Recycling Initiative	1.1	15,000	1,028,000	1,485,000	1,377,000	1,095,000
Moneysmart Teaching	1.1	1,028	1,125	1,310	-	-
North Queensland Strata Title Inspection Scheme	1.1	-	6,250	6,250	-	-
Western Australia Infrastructure projects	1.1	499,057	-	-	-	-
Total		519,546	1,047,355	1,492,560	1,377,000	1,095,000
Total programme expenses		9,443,507	10,546,992	12,158,012	9,249,387	7,208,397

(a) While the accounting treatment for NDRRA currently results in negative accrual estimates in 2017-18 and 2018-19, the Commonwealth does not intend to seek to recoup funds from relevant states in these years.

Programme 1.9 deliverables

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

Programme 1.9 key performance indicators

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

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of Treasury's finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Treasury does not have any movements of annual administered appropriations between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Treasury.

Table 3.1.2: Estimates of special account flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Clean Energy Finance Corporation Special Account (A) 2015-16	1	2,919,000	288,543	-	-	3,207,543
<i>Clean Energy Finance Corporation Special Account (A) 2014-15</i>		868,400	2,050,600	-	-	2,919,000
COAG Reform Fund Special Account (A) 2015-16	1	-	12,743,146	(12,743,146)	-	-
<i>COAG Reform Fund Special Account (A) 2014-15</i>		-	12,215,332	(12,215,332)	-	-
Actuarial Services Special Account (D) 2015-16	1	2,446	1,803	(1,803)	-	2,446
<i>Actuarial Services Special Account (D) 2014-15</i>		2,446	1,629	(1,629)	-	2,446
Total special accounts 2015-16 Budget estimate		2,921,446	13,033,492	(12,744,949)	-	3,209,989
<i>Total special accounts 2014-15 estimated actual</i>		870,846	14,267,561	(12,216,961)	-	2,921,446

(A) = Administered
(D) = Departmental

3.1.3 Australian Government Indigenous expenditure

The Treasury does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

The Treasury is budgeting for a break-even operating result, after non-appropriated expenses such as depreciation are removed, in 2015-16 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.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	124,003	125,129	121,269	121,281	121,614
Suppliers	60,838	45,933	45,090	46,090	47,139
Grants	2,224	2,247	1,184	1,195	1,195
Depreciation and amortisation	9,247	7,667	5,308	5,358	5,395
Total expenses	196,312	180,976	172,851	173,924	175,343
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	9,123	9,268	9,504	9,504	9,504
Other	645	650	650	650	400
Total own-source revenue	9,768	9,918	10,154	10,154	9,904
Gains					
Other	4,530	4,050	4,050	4,050	4,050
Total gains	4,530	4,050	4,050	4,050	4,050
Total own-source income	14,298	13,968	14,204	14,204	13,954
Net cost of/(contribution by) services	182,014	167,008	158,647	159,720	161,389
Revenue from Government	172,767	159,341	153,339	154,362	155,994
Surplus/(deficit) attributable to the Australian Government	(9,247)	(7,667)	(5,308)	(5,358)	(5,395)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	9,247	7,667	5,308	5,358	5,395
Total comprehensive income/(loss) - as per the statement of comprehensive income	(9,247)	(7,667)	(5,308)	(5,358)	(5,395)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	655	655	655	655	655
Trade and other receivables	65,048	67,048	69,048	71,048	73,048
Total financial assets	65,703	67,703	69,703	71,703	73,703
Non-financial assets					
Land and buildings	4,288	3,937	3,937	3,937	3,937
Property, plant and equipment	7,847	6,452	6,452	6,452	6,452
Intangibles	9,747	10,838	10,838	10,838	10,838
Other non-financial assets	2,614	2,614	2,614	2,614	2,614
Total non-financial assets	24,496	23,841	23,841	23,841	23,841
Total assets	90,199	91,544	93,544	95,544	97,544
LIABILITIES					
Payables					
Suppliers	6,326	6,326	6,326	6,326	6,326
Other payables	2,396	2,396	2,396	2,396	2,396
Total payables	8,722	8,722	8,722	8,722	8,722
Provisions					
Employee provisions	50,973	52,973	54,973	56,973	58,973
Other provisions	953	953	953	953	953
Total provisions	51,926	53,926	55,926	57,926	59,926
Total liabilities	60,648	62,648	64,648	66,648	68,648
Net assets	29,551	28,896	28,896	28,896	28,896
EQUITY*					
Parent entity interest					
Contributed equity	51,526	58,538	63,846	69,204	74,599
Reserves	5,186	5,186	5,186	5,186	5,186
Retained surplus (accumulated deficit)	(27,161)	(34,828)	(40,136)	(45,494)	(50,889)
Total Equity	29,551	28,896	28,896	28,896	28,896

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(27,161)	5,186		51,526	29,551
Adjusted opening balance	(27,161)	5,186	-	51,526	29,551
Comprehensive income					
Surplus/(deficit) for the period	(7,667)	-	-	-	(7,667)
Total comprehensive income	(7,667)	-	-	-	(7,667)
of which:					
Attributable to the Australian Government	(7,667)	-	-	-	(7,667)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	1,700	1,700
Departmental Capital Budget (DCB)	-	-	-	5,312	5,312
Sub-total transactions with owners	-	-	-	7,012	7,012
Closing balance attributable to the Australian Government	(34,828)	5,186	-	58,538	28,896

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	168,931	157,341	153,339	154,362	153,994
Sale of goods and rendering of services	9,123	9,268	9,504	9,504	9,504
Other	645	650	650	650	400
Total cash received	178,699	167,259	163,493	164,516	163,898
Cash used					
Employees	122,003	123,129	119,269	119,281	119,614
Suppliers	54,472	41,883	41,040	42,040	43,089
Grants	2,224	2,247	1,184	1,195	1,195
Total cash used	178,699	167,259	161,493	162,516	163,898
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,373	7,012	5,308	5,358	5,395
Total cash used	5,373	7,012	5,308	5,358	5,395
Net cash from/(used by) investing activities	(5,373)	(7,012)	(5,308)	(5,358)	(5,395)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - equity injections	-	1,700	-	-	-
Appropriations - DCB	5,373	5,312	5,308	5,358	5,395
Total cash received	5,373	7,012	5,308	5,358	5,395
Net cash from/(used by) financing activities	5,373	7,012	5,308	5,358	5,395
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	655	655	655	655	655
Cash and cash equivalents at the end of the reporting period	655	655	655	655	655

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	5,373	5,312	5,308	5,358	5,395
Equity injections - Bill 2	-	1,700	-	-	-
Total new capital appropriations	5,373	7,012	5,308	5,358	5,395
Provided for:					
Purchase of non-financial assets	5,373	7,012	5,308	5,358	5,395
Total Items	5,373	7,012	5,308	5,358	5,395
ASSETS					
Funded by capital appropriations	-	1,700	-	-	-
Funded by capital appropriation - DCB	5,373	5,312	5,308	5,358	5,395
TOTAL	5,373	7,012	5,308	5,358	5,395
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,373	7,012	5,308	5,358	5,395
Total cash used to acquire assets	5,373	7,012	5,308	5,358	5,395

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	16,452	17,732	21,481	55,665
Accumulated depreciation/ amortisation and impairment	(12,164)	(9,885)	(11,734)	(33,783)
Opening net book balance	4,288	7,847	9,747	21,882
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	1,700	1,700
By purchase - appropriation ordinary annual services	1,365	1,514	2,433	5,312
Total additions	1,365	1,514	4,133	7,012
Other movements				
Depreciation/amortisation expense	(1,716)	(2,909)	(3,042)	(7,667)
Total other movements	(1,716)	(2,909)	(3,042)	(7,667)
As at 30 June 2016				
Gross book value	17,817	19,246	25,614	62,677
Accumulated depreciation/ amortisation and impairment	(13,880)	(12,794)	(18,439)	(41,450)
Closing net book balance	3,937	6,452	7,175	21,227

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Grants	84,263,874	88,989,955	95,548,976	96,937,061	99,369,792
Interest	4,341	2,783	2,819	2,827	2,834
Concessional loan discount	-	-	386,766	386,766	386,766
Suppliers	41,560	5,759	1,753	2,216	2,790
Foreign exchange	246,858	-	-	-	-
Other expenses	675	675	675	-	-
Total expenses administered on behalf of Government	84,557,308	88,999,172	95,940,989	97,328,870	99,762,182
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation Revenue					
Other taxes	-	400,000	450,000	450,000	500,000
Total taxation revenue	-	400,000	450,000	450,000	500,000
Non-taxation revenue					
Sale of goods and rendering of services	784,519	756,507	692,115	667,881	601,056
Interest	3,467	11,165	75,129	138,568	202,378
Dividends	1,222,010	467,500	697,500	834,500	-
Unwind concessional loan discount	-	-	11,323	23,027	35,110
Nation Building and COAG transfers	1,041,056	595,498	3,249,190	3,249,012	4,021,662
Other sources of non-taxation revenues	4,237	4,400	4,500	4,600	4,700
Total non-taxation revenue	3,055,289	1,835,070	4,729,757	4,917,588	4,864,906
Total own-source revenue administered on behalf of Government	3,055,289	2,235,070	5,179,757	5,367,588	5,364,906
Gains					
Foreign exchange	-	46,095	33,444	13,606	1,235
Fair value gain on NDRRA provision	456,648	-	-	-	-
Total gains administered on behalf of Government	456,648	46,095	33,444	13,606	1,235
Total own-sourced income administered on behalf of Government	3,511,937	2,281,165	5,213,201	5,381,194	5,366,141
Net cost of/(contribution by) services	81,045,371	86,718,007	90,727,788	91,947,676	94,396,041
Total comprehensive income/(loss)	81,045,371	86,718,007	90,727,788	91,947,676	94,396,041

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,412	1,412	1,412	1,412	1,412
Advances and loans	861,119	753,324	1,159,991	1,510,068	1,794,674
Receivables	1,880,313	487,115	747,641	969,242	327,023
Investments	31,219,038	38,082,239	38,545,715	38,936,134	39,431,546
Total financial assets	33,961,882	39,324,090	40,454,759	41,416,856	41,554,655
Total assets administered on behalf of Government	33,961,882	39,324,090	40,454,759	41,416,856	41,554,655
LIABILITIES					
Payables					
Grants	1,833,968	336,694	21,708	-	-
Other payables	82,490	61,603	42,307	28,028	15,520
Total payables	1,916,458	398,297	64,015	28,028	15,520
Interest bearing liabilities					
Loans	4,250,135	8,265,791	7,768,740	7,744,657	7,719,968
Other	5,258,349	5,258,349	5,284,562	5,291,662	5,291,662
Total interest bearing liabilities	9,508,484	13,524,140	13,053,302	13,036,319	13,011,630
Total liabilities administered on behalf of Government	11,424,942	13,922,437	13,117,317	13,064,347	13,027,150
Net assets/(liabilities)	22,536,940	25,401,653	27,337,442	28,352,509	28,527,505

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	111,976	77,482	75,193	70,450	13,873
Taxes	-	400,000	450,000	450,000	500,000
Interest	1,241	6,591	19,380	33,294	48,353
Dividends	675,255	1,839,255	467,500	697,500	777,000
COAG receipts from agencies	15,386,234	16,230,797	20,291,958	21,420,522	4,021,662
Other	4,237	4,400	4,500	4,600	4,700
Total cash received	16,178,943	18,558,525	21,308,531	22,676,366	5,365,588
Cash used					
Grant payments	99,856,451	105,442,928	112,289,630	114,543,211	98,791,501
Interest paid	3,243	2,800	2,819	2,829	2,835
Other	43,235	6,434	2,428	2,216	2,790
Total cash used	99,902,929	105,452,162	112,294,877	114,548,256	98,797,126
Net cash from/ (used by) operating activities	(83,723,986)	(86,893,637)	(90,986,346)	(91,871,890)	(93,431,538)
INVESTING ACTIVITIES					
Cash received					
Advances and loans made	332,840	162,367	227,417	293,234	370,058
Other	50,600	288,543	105,401	155,302	90,375
Total cash received	383,440	450,910	332,818	448,536	460,433
Cash used					
Purchase of investments	27,296	2,425,860	965,256	506,084	571,122
Advances and loans made	134,850	50,000	1,000,000	1,000,000	1,000,000
Total cash used	162,146	2,475,860	1,965,256	1,506,084	1,571,122
Net cash from/ (used by) investing activities	221,294	(2,024,950)	(1,632,438)	(1,057,548)	(1,110,689)
Net increase/ (decrease) in cash held	(83,502,692)	(88,918,587)	(92,618,784)	(92,929,438)	(94,542,227)

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

	Estimated actual \$'000	2015-16 Budget \$'000	Forward estimate \$'000	Forward estimate \$'000	Forward estimate \$'000
Cash and cash equivalents at beginning of reporting period	1,412	1,412	1,412	1,412	1,412
Total cash from Official Public Account	85,719,895	91,886,785	96,748,558	97,400,029	99,820,309
Total cash to Official Public Account	(2,217,203)	(2,968,198)	(4,129,774)	(4,470,591)	(5,278,082)
Cash and cash equivalents at end of reporting period	1,412	1,412	1,412	1,412	1,412

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Administered Assets and Liabilities	-	-	1,000,000	1,000,000	1,000,000
Special Appropriations	149,646	2,020,092	497,051	24,359	24,766
appropriations	149,646	2,020,092	1,497,051	1,024,359	1,024,766
Provided for:					
<i>International Financial Institutions</i>	149,646	2,020,092	497,051	24,359	24,766
<i>Northern Australia Infrastructure Facility</i>	-	-	1,000,000	1,000,000	1,000,000
Total items	149,646	2,020,092	1,497,051	1,024,359	1,024,766

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The Treasury's budgeted statements are prepared on an accrual basis.

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

Department of the Treasury Budget Statements

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

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

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Bureau of Statistics (ABS) seeks to inform a prosperous and dynamic Australia by realising the full potential of our partnerships, our people, and the nation's statistical capability and assets. The ABS is Australia's official national statistical entity, providing key official statistics on a wide range of economic, environmental and social issues.

The ABS's legislated functions include:

- operating as a central statistical authority for the Australian Government and providing statistical services for State and Territory Governments;
- collecting, compiling, analysing and disseminating statistics and related information; and
- coordinating the statistical operations of official bodies with particular regard to:
 - the avoidance of duplication of statistical information;
 - the attainment of compatibility and integration of statistics compiled by official bodies;
 - the maximum utilisation of information available to official bodies for statistical purposes;
 - the development of standards for statistics and ensuring that official bodies comply with them;
 - the provision of advice and assistance to official bodies on the production and use of statistics; and
 - liaison with international organisations on statistical issues.

The ABS will achieve its outcome through three key priority areas:

- statistical delivery: continue to produce high-quality, relevant official statistics to support decision-making, research and discussion by governments and the community;

- statistical partnership: engage and partner with national and international organisations to build improved national and international statistical systems and strong statistical capability; and
- statistical infrastructure: develop and implement flexible and robust statistical and information infrastructure to meet the changing needs of statistical users, data providers and producers of statistics.

These key priority areas focus the ABS's work programme. Key external drivers of, and challenges for, the ABS work programme include the:

- need to reflect rapid change and real world complexity in trusted official statistics;
- opportunity for linked data and longitudinal data to provide new insights to help respond to complex issues facing governments, business and society;
- need to reduce the burden on businesses and households through better use of existing data sets held by government and businesses;
- need to transform the way the ABS engages with users, providers and producers of statistics in a digital world, including delivery of a primarily on-line Census of Population and Housing in 2016 and increasing demand for integrated, flexible and accessible statistical information;
- increasing demand for open data, including improving access to confidentialised microdata; and
- continuing need to maintain the trust and privacy of providers.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Bureau of Statistics Resource Statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	-	62,823	-	62,823
Departmental appropriation (c)	342,770		428,565	428,565
s74 Retained revenue receipts (d)	43,774		44,153	44,153
Total	386,544	62,823	472,718	535,541
Departmental non-operating				
Equity injections (e)	5,328		32,699	32,699
Total	5,328	-	32,699	32,699
Total available annual appropriations	391,872	62,823	505,417	568,240

(a) Appropriation Bill (No.1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$20.8 million in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details).

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Appropriation Bill (no. 2) 2015-16.

1.3 BUDGET MEASURES

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

Table 1.2: Australian Bureau of Statistics 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures						
Norfolk Island Reform	1.1	-	252	236	-	-
Australian Bureau of Statistics – business transformation	1.1	(9,000)	20,800	151,900	(5,000)	(7,700)
Total Expenses measures		(9,000)	21,052	152,136	(5,000)	(7,700)
Capital measures						
Australian Bureau of Statistics – business transformation	1.1	(13,300)	(2,400)	4,600	14,300	4,700
Total Capital measures		(13,300)	(2,400)	4,600	14,300	4,700
Revenue measures						
Australian Bureau of Statistics – business transformation	1.1	(1,600)	(3,600)	(4,100)	(3,300)	-
Total Revenue measures		(1,600)	(3,600)	(4,100)	(3,300)	-

Prepared on a Government Finance Statistics (fiscal) basis.

Part 2: MYEFO measures not previously reported in a portfolio statement

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expenses Measures						
Communication and Public Affairs Functions - targeted savings	1.1	(50)	(100)	(99)	(100)	-
Total Expenses Measures		(50)	(100)	(99)	(100)	-

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The outcome of the Australian Bureau of Statistics is described below together with its programme, specifying the performance indicators and targets used to assess and monitor the performance in achieving government outcomes.

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

Outcome 1 strategy

The ABS seeks to deliver this outcome through continued high-quality statistical delivery, providing national and international statistical leadership and improved statistical infrastructure.

The ABS will deliver high-quality, relevant official statistics by:

- ensuring Australia's official statistics address the most important issues for decision-makers and the community;
- ensuring official statistics are accessible, timely, comprehensive and transparent;
- actively engaging and building relationships with providers and users to ensure informed use of official statistics and relevance of official solutions; and
- implementing national and international statistics standards and frameworks.

The ABS will improve statistical partnerships by:

- actively engaging with providers and users to enhance our understanding of and actively respond to their environments and needs within available resources;
- influencing the development of international statistical frameworks and systems;

- engaging with users and the Australian community to build domestic statistical capability;
- developing statistical capability in selected parts of Asia and the Pacific region; and
- working with other information producers to:
 - champion whole-of-government statistical data integration to provide insights to complex questions facing governments, business and the community, and maximising the benefits of existing data collections while maintaining privacy;
 - support improvements to data quality and coherence; and
 - provide guidance on the appropriate use of statistical standards and frameworks.

The ABS will improve statistical infrastructure by:

- ensuring investment in official statistics is implemented effectively by transforming its statistical infrastructure to support a digital economy, improve efficiency and respond effectively to change; and
- continuing to expand digital initiatives to meet changing user, provider and producer needs and expectations.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed decision-making, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Australian Bureau of Statistics		
Departmental expenses		
Departmental appropriation (a)	364,976	452,188
Expenses not requiring appropriation in the Budget year (b)	30,380	36,822
Total for programme 1.1	395,356	489,010
	2014-15	2015-16
Average staffing level (number)	2,580	2,670

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

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

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

Contributions to Outcome 1

Programme 1.1: Australian Bureau of Statistics

Programme objective

The ABS has the following objectives:

- decision-making, research and discussion are underpinned by relevant statistical information;
- high-quality statistical information is available to inform Australia's most important issues;
- continued cooperation and support of providers;
- trust in official statistics is maintained;
- statistical capability is improved within Australia and Asia and the Pacific region to support informed decision-making and progress the national and global statistical systems; and
- statistical and information infrastructure is developed to better support Australia's long-term statistical needs.

Programme expenses

The increase in expenses in 2015-16 and 2016-17 is predominately due to the cyclical nature of activities for the 2016 Census of Population and Housing (2016 Census), in addition to reengineering ABS business processes and ICT infrastructure (Critical Statistical Infrastructure Project – CSIP).

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	395,356	489,010	601,432	410,093	395,587
Total programme expenses	395,356	489,010	601,432	410,093	395,587

Programme 1.1 deliverables

In 2015-16 and onwards, the ABS will:

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

- integrate data, as a Commonwealth integrating authority, to produce new official statistics to inform society;
- reduce respondent burden through implementation of electronic forms and seeking to maximise the use of alternative data sources;
- improve the relevance, reliability and accuracy of the ABS statistical programme by actively engaging with external stakeholders to understand their needs and implementing ongoing methodological developments and statistical standards;
- provide leadership in data integration by providing both the chair and secretariat services to the Cross Portfolio Data Integration Oversight Board;
- partner with Australian governments and other key stakeholders to ensure development and coherence of our national statistical system;
- undertake statistical capability development programmes in Australia, Asia and the Pacific region;
- provide advice and guidance on the development and implementation of statistical standards and frameworks internationally;
- continue to transform the ABS's business systems and processes in a digital environment to improve the efficiency and accessibility of the ABS's services, ensuring a central role in Australia's long-term statistical sustainability; and
- prepare and deliver a primarily digital Census in 2016.

Programme 1.1 key performance indicators

The ABS key performance indicators are as follows:

- Australia's key decisions, research and discussions continue to be underpinned by trusted official statistics;
- statistical information continues to be relevant to the needs of key stakeholders through active engagement and partnership;
- the quality and accuracy of Australia's official statistics is maintained or improved;
- Australia's leading indicators adhere to appropriate statistical standards, frameworks and methodologies to maintain quality, and support comparability in the global statistical systems;
- use of ABS data increases;

- high-quality statistical information is available to describe Australia's most important issues;
- provider cooperation is demonstrated through the achievement of target survey response rates;
- ABS commitment to reducing provider burden is demonstrated through availability of online or alternative reporting and minimisation of provider load;
- complaint resolution performance meets ABS Surveys Charter standards;
- customer service performance meets the ABS's Service Delivery Charter standards;
- Australian public sentiment about ABS statistics remains positive;
- national statistical literacy programmes effectively engage target audiences;
- effective delivery of international engagement programmes to increase the statistical capability of national statistical offices in Asia and the Pacific region;
- the ABS continues to provide and improve product, services and tools to help providers meet their obligations;
- the ABS progresses new sustainable solutions to support statistical information management; and
- the ABS is actively involved in the development of statistical frameworks, methods and standards.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ABS does not have any administered funds.

3.1.2 Special accounts

The ABS does not have any special accounts.

3.1.3 Australian Government Indigenous Expenditure

The ABS does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

The difference between the entity level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the 2015-16 budget year, including amounts related to meeting future obligations to maintain the entity's asset base and to meet employee entitlement liabilities.

3.2.2 Analysis of budgeted financial statements

Budgeted financial statements

The increase in 2015-16 and 2016-17 reflects in activity relating to the 2016 Census as part of the normal Census cycle, in addition to the Critical Statistical Infrastructure Project (CSIP).

The ABS is budgeting to breakeven in 2015-16 and the forward estimates.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	271,139	325,927	461,303	284,398	273,226
Suppliers	93,337	125,761	105,281	90,848	87,514
Depreciation and amortisation	30,380	36,822	34,348	34,347	34,347
Other expenses	500	500	500	500	500
Total expenses	395,356	489,010	601,432	410,093	395,587
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	41,075	41,000	41,000	41,000	41,000
Other	2,699	3,153	2,753	1,904	1,913
Total own-source revenue	43,774	44,153	43,753	42,904	42,913
Gains					
Sale of assets	100	100	100	100	100
Other	120	120	120	120	120
Total gains	220	220	220	220	220
Total own-source income	43,994	44,373	43,973	43,124	43,133
Net cost of/(contribution by) services	351,362	444,637	557,459	366,969	352,454
Revenue from Government	321,461	407,815	523,111	332,622	318,107
Surplus/(deficit) attributable to the Australian Government	(29,901)	(36,822)	(34,348)	(34,347)	(34,347)
Total comprehensive income/(loss)	(29,901)	(36,822)	(34,348)	(34,347)	(34,347)
Total comprehensive income/(loss) attributable to the Australian Government	(29,901)	(36,822)	(34,348)	(34,347)	(34,347)
Note: Impact of net cash appropriation arrangements					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations.	479	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	30,380	36,822	34,348	34,347	34,347
Total comprehensive income/(loss) - as per the statement of comprehensive income	(29,901)	(36,822)	(34,348)	(34,347)	(34,347)

Prepared on a Government Finance Statistics (fiscal) basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	660	660	660	660	660
Trade and other receivables	66,348	66,348	66,348	66,348	66,348
Other financial assets	510	510	510	510	510
Total financial assets	67,518	67,518	67,518	67,518	67,518
Non-financial assets					
Property, plant and equipment	37,610	47,843	60,162	55,550	47,157
Intangibles	68,729	75,123	90,604	103,971	106,850
Other non-financial assets	10,259	10,259	10,259	10,259	10,259
Total non-financial assets	116,598	133,225	161,025	169,780	164,266
Assets held for sale					
Total assets	184,116	200,743	228,543	237,298	231,784
LIABILITIES					
Payables					
Suppliers	13,495	13,495	13,495	13,495	13,495
Other payables	54,352	54,352	54,352	54,352	54,352
Total payables	67,847	67,847	67,847	67,847	67,847
Lease Incentives					
Lease Incentives	2,500	2,500	2,500	2,500	2,500
Total interest bearing liabilities	2,500	2,500	2,500	2,500	2,500
Provisions					
Employee provisions	88,629	88,629	88,629	88,629	88,629
Other provisions	6,481	6,481	6,481	6,481	6,481
Total provisions	95,110	95,110	95,110	95,110	95,110
Liabilities included in disposal groups held for sale					
Total liabilities	165,457	165,457	165,457	165,457	165,457
Net assets	18,659	35,286	63,086	71,841	66,327
EQUITY*					
Contributed equity	156,514	209,963	272,111	315,213	344,046
Reserves	24,093	24,093	24,093	24,093	24,093
Retained surplus (accumulated deficit)	(161,948)	(198,770)	(233,118)	(267,465)	(301,812)
Total Equity	18,659	35,286	63,086	71,841	66,327

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(161,948)	24,093	-	156,514	18,659
Adjusted opening balance	(161,948)	24,093	-	156,514	18,659
Comprehensive income					
Surplus/(deficit) for the period	(36,822)	-	-	-	(36,822)
Total comprehensive income	(36,822)	-	-	-	(36,822)
of which:					
Attributable to the Australian Government	-	-	-	-	-
Attributable to non-controlling interest	-	-	-	-	-
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	32,699	32,699
Departmental Capital Budget (DCB)	-	-	-	20,750	20,750
Sub-total transactions with owners	-	-	-	53,449	53,449
Estimated closing balance as at 30 June 2016	(198,770)	24,093	-	209,963	35,286

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	318,461	407,815	523,111	332,622	318,107
Sale of goods and rendering of services	41,075	41,000	41,000	41,000	41,000
Net GST received	6,256	7,528	3,325	5,349	4,747
Other	2,699	3,153	2,753	1,904	1,913
Total cash received	368,491	459,496	570,189	380,875	365,767
Cash used					
Employees	269,139	325,927	461,303	284,398	273,226
Suppliers	98,473	133,169	108,486	96,077	92,141
Other	500	500	500	500	500
Total cash used	368,112	459,596	570,289	380,975	365,867
Net cash from/(used by) operating activities	379	(100)	(100)	(100)	(100)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
Total cash received	100	100	100	100	100
Cash used					
Purchase of property, plant and equipment	30,161	53,449	62,148	43,102	28,833
Total cash used	30,161	53,449	62,148	43,102	28,833
Net cash from/(used by) investing activities	(30,061)	(53,349)	(62,048)	(43,002)	(28,733)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	26,637	53,449	62,148	43,102	28,833
Total cash received	26,637	53,449	62,148	43,102	28,833
Net cash from/(used by) financing activities	26,637	53,449	62,148	43,102	28,833
Net increase/(decrease) in cash held	(3,045)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	660	660	660	660	660
Cash and cash equivalents at the end of the reporting period	660	660	660	660	660

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	21,309	20,750	20,442	20,354	20,491
Equity injections - Bill 2	5,328	32,699	41,706	22,748	8,342
Total new capital appropriations	26,637	53,449	62,148	43,102	28,833
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	26,637	53,449	62,148	43,102	28,833
Total Items	26,637	53,449	62,148	43,102	28,833
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	5,444	32,699	41,706	22,748	8,342
Funded by capital appropriation - DCB (b)	24,354	20,750	20,442	20,354	20,491
Funded internally from departmental resources (c)	363	-	-	-	-
TOTAL	30,161	53,449	62,148	43,102	28,833
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30,161	53,449	62,148	43,102	28,833
Total cash used to acquire assets	30,161	53,449	62,148	43,102	28,833

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

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

(c) Includes s74 Retained revenue receipts.

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — (Budget year 2015-16)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015			
Gross book value	74,711	215,543	290,254
Accumulated depreciation/amortisation and impairment	(37,101)	(146,814)	(183,915)
Opening net book balance	37,610	68,729	106,339
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity (a)	12,260	20,439	32,699
By purchase - appropriation ordinary annual services (b)	15,716	5,034	20,750
By purchase - other	-	-	-
Total additions	27,976	25,473	53,449
Other movements			
Depreciation/amortisation expense	(17,743)	(19,079)	(36,822)
Total other movements	(17,743)	(19,079)	(36,822)
As at 30 June 2016			
Gross book value	102,687	241,016	343,703
Accumulated depreciation/amortisation and impairment	(54,844)	(165,893)	(220,737)
Closing net book balance	47,843	75,123	122,966

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015-16 for DCBs.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OWN-SOURCE INCOME					
Other revenue	-	-	-	1,431	1,458
Total non-taxation revenue	-	-	-	1,431	1,458
Total own-sourced income administered on behalf of Government	-	-	-	1,431	1,458
Surplus/(deficit)	-	-	-	1,431	1,458

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	-	-	-	1,431	1,458
Total cash received	-	-	-	1,431	1,458
Net cash from/(used by) operating activities	-	-	-	1,431	1,458
Net increase/(decrease) in cash held	-	-	-	1,431	1,458
Cash to Official Public Account	-	-	-	1,431	1,458
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted departmental financial statements

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

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

Budgeted departmental income statement

Revenues

Appropriations

The ABS is appropriated from government for its programme.

Sale of goods and rendering of services

Revenue is derived from the sale of ABS publications and census data, as well as the provision of user-funded surveys and consultancy work. The amount of revenue

earned in any one-year is dependent upon the demand for such products and services by government entities, business and the community.

Other gains

This category includes resources received free of charge.

Expenses

Employee benefits

This includes wages and salaries, superannuation, provision for annual leave and long service leave, and workers compensation. Employee entitlements are based on leave patterns of ABS employees. Accrued salaries and employer superannuation contributions are based on daily salary expense and the number of days owing at 30 June in each budget year.

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives. Depreciation is calculated using the straight-line method, which is consistent with the consumption of the service potential of the depreciable assets of the ABS.

Budgeted departmental balance sheet

Non-financial assets – Intangibles

These include software developed in house (internally generated software).

Non-financial assets – Other

This category includes prepayments.

Lease Incentives

These include lease incentives in the form of a rent free period and/or a contribution to fitout costs. Lease incentives are recognised as a liability, which is reduced by allocating lease rental payments between rental expense and reduction of the liability. Rent free lease periods are taken up as a liability during the rent free period and amortised over the remaining term of the lease. The full amount of the lease is therefore allocated evenly over the total term of the lease.

Provisions – Employees

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non-current portion of the liability for annual leave and long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

Payables

Supplier and other payables reflect the amounts owed to trade and other creditors by the ABS at the end of each financial year.

Asset Valuation

The ABS has adopted fair value as a basis for valuing its leasehold improvement and plant and equipment. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

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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) is Australia's national energy market regulator. The AER has an independent Board.

The ACCC and AER share staffing, resources and facilities.

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

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

This year the ACCC is prioritising compliance and enforcement work in the following areas:

- truth in advertising, particularly where misleading claims are made by large businesses with the potential to result in significant consumer detriment, or where the conduct is likely to become widespread if the ACCC does not intervene;
- competition and consumer issues in the health and medical sectors;
- cartel conduct impacting on government procurement;
- ensuring compliance with new or amended industry codes of conduct, including the Franchising Code and the proposed Food and Grocery Code;

- working with industry to improve product safety through minimising the supply of unsafe goods, by focusing on good practice in the manufacture, sourcing and quality assurance of consumer products;
- emerging systemic consumer issues in the online marketplace;
- competition and consumer issues in highly concentrated sectors, including issues identified through the ACCC's monitoring of the fuel industry;
- in conjunction with other agencies, disruption of scams that rely on building deceptive relationships and which cause severe and widespread consumer or small business detriment;
- finalising its role in ensuring that carbon tax cost savings are being passed through to consumers;
- consumer protection issues impacting on Indigenous consumers; and
- consumer protection issues impacting on vulnerable and disadvantaged consumers with a particular focus on older consumers and consumers who are newly arrived in Australia.

The ACCC uses priority factors to direct resources to the investigation and resolution of matters that provide the greatest overall benefit for competition and consumers.

The ACCC will continue to assess and review mergers 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 evaluating if such arrangements or conduct may result in a net public benefit and warrant exemption from the CCA.

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

The ACCC economic regulation priorities for 2015-16 are:

- finalising determinations of terms and conditions, including prices, for fixed telecommunications services (Fixed Services Review);

- implementation of structural separation of Telstra and associated structural reform of fixed line telecommunications;
- assessing Part IIIA access undertakings (such as the replacement Hunter Valley Coal Network Access Undertaking prior to expiry in 2016) and Part VIIA price notifications (such as Australia Post);
- consideration of applications for exemptions from the Wheat Code from wheat port terminal operators;
- undertaking market studies, including under revised directions on petrol monitoring from the Minister; and
- increasing confidence in the operation of emerging water markets, including through the timely conduct of the review of Water Charges.

The AER has a diverse work program that is informed by the requirements of the energy market laws and rules. The energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security' guides the AER's priorities and work program. For 2015-16, the AER's focus will include:

- Delivering regulatory outcomes to promote efficient investment in energy network services that customers value including preparing for the application of the National Electricity Law in the Northern Territory; and
- Building consumer confidence in retail energy markets including by applying the National Energy Customer Framework in Queensland for the first time.

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

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual available appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	12,833	12,833	-	12,833
Departmental appropriation (c)	169,459	-	164,815	164,815
s74 Retained revenue receipts (d)	2,046	-	2,764	2,764
Total	184,338	12,833	167,579	180,412
Total ordinary annual services [A]	184,338	12,833	167,579	180,412
Other services (e)				
Departmental non-operating				
Prior year appropriations (b)	12,592	12,592	-	12,592
Equity injections	2,700	-	1,300	1,300
Total	15,292	12,592	1,300	13,892
Total other services [B]	15,292	12,592	1,300	13,892
Total available annual appropriations [A+B]	199,630	25,425	168,879	194,304
Special appropriations				
Special appropriations limited by criteria/entitlement				
<i>Public Governance, Performance and Accountability Act 2013 - s 77 (f)</i>	20	-	20	20
Total special appropriations [C]	20	-	20	20
Total appropriations excluding special accounts	199,650	25,425	168,899	194,324
Total resourcing [A+B+C]	199,650	25,425	168,899	194,324
Total net resourcing for ACCC	199,650	25,425	168,899	194,324

(a) Appropriation Bill (No.1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$1.993m in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Appropriation Bill (No. 2) 2015-16.

(f) Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

Reader note: All figures are GST exclusive.

Third party payments from and on behalf of other entities

	2014-15 \$'000	2015-16 \$'000
Payments made on behalf of the National Competition Council (NCC)	1,913	1,740

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

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Measures						
Communications and Public Affairs						
Functions – targeted savings (a)						
	1.1	(19)	(37)	(37)	(37)	-
	1.2	(5)	(10)	(10)	(10)	-
Total measures		(24)	(47)	(47)	(47)	-

(a) A cross-portfolio measure previously announced in 2014-15 Budget Paper No. 2.
Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

The outcome is also applicable to the AER and informs the strategies, programme objectives, deliverables and programme performance indicators used to assess and monitor the performance of the AER.

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

Outcome 1 strategy

To achieve this outcome, the strategies the ACCC and AER will pursue are:

- maintain and promote competition;
- protect the interests and safety of consumers, and support fair trading in markets affecting consumers and small business;
- promote the economically efficient operation of, use of, and investment in infrastructure; and identify market failure; and
- promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers with respect to price, quality, safety, reliability and security.

Each of these strategies is underpinned by our engagement with a broad range of groups affected by the ACCC's activities.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for outcome 1, by programme.

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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.		
Programme 1.1: Australian Competition and Consumer Commission		
Departmental expenses		
Departmental appropriation (a)	135,271	132,008
Expenses not requiring appropriation in the Budget year (b)	6,100	6,637
Total for programme 1.1	141,371	138,645
Programme 1.2: Australian Energy Regulator		
Departmental expenses		
Departmental appropriation (a)	34,221	33,578
Total for programme 1.2	34,221	33,578
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation (a)	169,492	165,586
Total expenses for Outcome 1	175,592	172,223
	2014-15	2015-16
Average staffing level (number)	715	725

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74).

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

Contributions to Outcome 1

Programme 1.1: Australian Competition and Consumer Commission

Programme objective

The ACCC programme objective is to achieve compliance with the CCA, and associated legislation in order to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians. This means the ACCC will take actions that: improve consumer welfare; promote the long term interest of end users in regulated sectors; protect competition; open markets to competition; or stop conduct that is anti-competitive or harmful to consumers.

Programme expenses

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

Table 2.2: Programme 1.1 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	135,271	132,008	130,594	130,044	130,923
Programme support					
Expenses not requiring appropriation in the Budget year (a)	6,100	6,637	6,790	7,719	5,841
Total programme expenses	141,371	138,645	137,384	137,763	136,764

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

Programme 1.1 deliverables

To promote compliance with federal competition, fair trading, consumer protection and product safety laws, and to regulate markets where there is limited competition, the ACCC will:

Maintain and promote competition

- Deliver outcomes to address harm to consumers and businesses resulting from anti-competitive conduct;
- assess mergers to prevent structural changes that substantially lessen competition;
- make decisions on authorisation, notification and certification trademark applications in the public interest; and
- assist the Australian Competition Tribunal, as required.

Protect the interests and safety of consumers, and support fair trading in markets affecting consumers and small business

- Deliver outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law;
- enhance the effectiveness of the ACCC's compliance and enforcement initiatives through partnerships;
- identify and address the risk of serious injury and death from safety hazards in consumer products;
- support a vibrant small business sector; and
- empower consumers by increasing their awareness of their rights under the Australian Consumer Law.

Promote the economically efficient operation of, use of, and investment in infrastructure; and identify market failure

- Deliver network regulation that promotes competition in the long-term interests of end-users;
- provide industry monitoring reports to government in relation highly concentrated, newly deregulated or emerging markets; and
- improve the efficient operation of markets by enforcing industry-specific competition and market rules.

Programme 1.1 key performance indicators

In order to assess the effectiveness of the ACCC in delivering its objectives, the ACCC has the following performance indicators:

Deliver outcomes to address harm to consumers and businesses resulting from anti-competitive conduct

- Number of in-depth competition investigations completed;
- percentage of initial competition investigations completed within 3 months;
- percentage of in-depth competition investigations completed within 12 months;
- number of competition enforcement interventions;
- percentage of competition enforcement interventions in the priority areas outlined in the Compliance and Enforcement Policy; and
- percentage of competition enforcement interventions in the priority areas, or demonstrate the priority factors, outlined in the Compliance and Enforcement Policy.

Assess mergers to prevent structural changes that substantially lessen competition

- Number of merger matters considered;
- percentage of merger matters considered that were finalised by pre-assessment;
- number of merger matters involving Phase 1 only of public review;
- number of merger matters involving Phase 1 and Phase 2 of public review;
- percentage of merger matters subject to Phase 1 only of public review that were finalised within 8 weeks; and
- percentage of merger matters subject to Phase 2 of public review that were finalised within 20 weeks.

Make decisions on authorisation, notification and certification trademark applications in the public interest

- Number of authorisation applications assessed;
- number of exclusive dealing notifications assessed;
- number of collective bargaining notifications assessed;
- number of Certification Trade Marks assessed;
- percentage of authorisation applications assessed within statutory timeframe(s); and
- percentage of notifications assessed within statutory timeframe.

Assist the Australian Competition Tribunal, as required

- Number of matters where assistance was provided to Australian Competition Tribunal.

Deliver outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law

- Number of in-depth ACL investigations completed;
- percentage of in-depth ACL investigation that are in the priority areas outlined in the Compliance and Enforcement Policy;
- percentage of initial ACL investigations completed within 3 months;
- percentage of in-depth ACL investigations completed within 12 months;
- number of ACL enforcement interventions;
- percentage of ACL enforcement interventions in the priority areas outlined in the Compliance and Enforcement Policy;
- percentage of ACL enforcement interventions in the priority areas, or demonstrate the priority factors, outlined in the Compliance and Enforcement Policy;
- number of emerging CCA market issues affecting consumers and small business that are identified, considered and advice developed;
- number of new or revised business compliance resources;
- number of times online business education resources have been accessed;

- number of surveys and audits for CCA compliance, including in relation to product safety regulations;
- percentage of business compliance projects that are in priority areas identified in the Compliance & Enforcement Policy; and
- percentage of business compliance resources developed or updated in consultation with business, stakeholder groups and peak bodies.

Enhance the effectiveness of the ACCC's compliance and enforcement initiatives through partnerships

- Percentage of business compliance resources developed or updated in consultation with business, stakeholder groups and peak bodies;
- number of business compliance projects that are delivered jointly with ACL regulators; and
- number of business compliance and consumer education projects that involve partnership or joint delivery with businesses, peak bodies, industry or consumer groups.

Identify and address the risk of serious injury and death from safety hazards in consumer products

- Percentage of product safety mandatory reports made by businesses of serious injury or death preliminarily assessed by the ACCC within seven days;
- percentage of recall notifications by businesses to the ACCC that, after assessment and engagement, can be published within 48 hours of receipt;
- number of detailed assessments of emerging product safety hazards;
- number of reviews of mandatory product safety standards completed; and
- number of new or updated published business compliance resources about responsible sourcing of consumer products.

Support a vibrant small business sector

- Number of small business Infocentre contacts served;
- number of new or revised business compliance resources (published guidance) to empower small business; and
- number of CCA and ACL enforcement interventions with substantial benefits to small business sector.

Empower consumers by increasing their awareness of their rights under the Australian Consumer Law

- Number of new or revised consumer education resources;
- number of times online consumer education resources have been accessed;
- number of Infocentre contacts served; and
- number of unique visits to the SCAMwatch website.

Deliver network regulation that promotes competition in the long-term interests of end-users

- Number of major regulatory decisions; and
- percentage of regulatory decisions completed within statutory timeframes.

Provide industry monitoring reports to government in relation highly concentrated, newly deregulated or emerging markets

- Number of monitoring reports.

Improve the efficient operation of markets by enforcing industry-specific competition and market rules

- Number of investigations into potential breaches of rules.

In addition to the above performance indicators, the ACCC will collect evidence and report against the six key performance indicators as set out in the Australian Government's Regulator Performance Framework.

Programme 1.2: Australian Energy Regulator

Programme objective

The AER is the national energy market regulator. The AER's roles encompass the retail and wholesale electricity and gas markets and energy network infrastructure.

The objectives of the national energy legislation guide the AER's priorities and work programme. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy with respect to price, quality, safety, reliability and security.

Programme expenses

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

Table 2.3: Programme 1.2 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	34,221	33,578	33,020	33,247	33,474
Programme support					
Total programme expenses	34,221	33,578	33,020	33,247	33,474

Programme 1.2 deliverables

To promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers with respect to price, quality, safety, reliability and security, the AER will:

- provide effective network regulation that requires consumers to pay no more than necessary for the safe and reliable delivery of electricity and gas network services;
- build consumer confidence in retail energy markets through enhanced industry compliance and improved awareness; and
- support efficient wholesale energy markets through monitoring and enforcing compliance with the rules.

Programme 1.2 key performance indicators

In order to assess the effectiveness of the AER in delivering its objectives, the AER has the following performance indicators:

Provide effective network regulation that requires consumers to pay no more than necessary for the safe and reliable delivery of electricity and gas network services

- Number of revenue reset determinations for electricity networks and gas pipelines and distribution networks completed;
- percentage of revenue reset determinations for electricity networks and gas pipelines and distribution networks completed within statutory timeframes;
- number of annual benchmarking and performance reports for electricity networks; and
- Number of annual tariff approval applications assessed.

Build consumer confidence in retail energy markets through enhanced industry compliance and improved awareness

- Number of annual reports on compliance in, and performance of, retail energy markets;

- number of retailers' hardship policies and proposed amendments assessed;
- percentage of retailers' hardship policies and proposed amendments assessed within 12 weeks of receiving all relevant information;
- number of retail authorisations/exemptions assessed;
- percentage of retail authorisations/exemptions applications assessed within 12 weeks of receiving all relevant information;
- support the timely transfer of affected customers in the event of a retailer failure;
- number of formal energy retail enforcement interventions; and
- percentage of new/replacement offers published on Energy Made Easy website within 48 hours of receipt from retailers.

Support efficient wholesale energy markets through monitoring and enforcing compliance with the rules

- Number of quarterly compliance reports on wholesale markets and networks;
- percentage of quarterly compliance reports published within 6 weeks of the end of the quarter;
- audit the compliance systems of selected energy businesses, and report on outcomes;
- number of weekly electricity and gas monitoring reports;
- percentage of weekly reports published within 12 business days of the end of the relevant week;
- number of reports on extreme price events in wholesale electricity and gas markets;
- percentage of reports on extreme price events in wholesale electricity and gas markets published within statutory timeframes;
- number of targeted reviews of compliance with the national energy rules; and
- publish the State of the Energy Market report.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The ACCC does not have any movement of administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ACCC.

Table 3.1.2: Estimates of special account flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Services for Other Entities and Trust Moneys Account	1	54	-	-	-	54
2015-16 (D)						
2014-15		54	-	-	-	54
Total special accounts		54	-	-	-	54
2015-16 Budget estimate						
Total special accounts		54	-	-	-	54
2014-15 estimated actual						

(D) = Departmental

3.1.3 Australian Government Indigenous expenditure

The ACCC does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Departmental

Comprehensive income statement

The ACCC is budgeting to break even for 2015-16 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2015-16 is estimated to be \$162.8 million.

Operating expenses

Total expenses in 2015-16 are estimated to be \$172.2 million. This is a decrease of \$3.4 million from the 2014-15 estimated actual.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	96,959	98,165	95,688	95,800	96,792
Suppliers	72,608	67,496	68,001	67,566	67,680
Depreciation and amortisation	6,025	6,562	6,715	7,644	5,766
Total expenses	175,592	172,223	170,404	171,010	170,238
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	2,046	2,764	1,250	1,250	1,250
Total own-source revenue	2,046	2,764	1,250	1,250	1,250
Gains					
Other	75	75	75	75	75
Total gains	75	75	75	75	75
Total own-source income	2,121	2,839	1,325	1,325	1,325
Net cost of/(contribution by) services	173,471	169,384	169,079	169,685	168,913
Revenue from Government	167,446	162,822	162,364	162,041	163,147
Surplus/(deficit) attributable to the Australian Government	(6,025)	(6,562)	(6,715)	(7,644)	(5,766)

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

Note: Impact of net cash appropriation arrangements

	2014-15	2015-16	2016-17	2017-18	2018-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	(6,025)	(6,562)	(6,715)	(7,644)	(5,766)
Total comprehensive income/(loss) - as per the statement of comprehensive income	(6,025)	(6,562)	(6,715)	(7,644)	(5,766)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,000	2,000	2,000	2,000	2,000
Trade and other receivables	29,376	24,763	24,632	18,426	18,830
Total financial assets	31,376	26,763	26,632	20,426	20,830
Non-financial assets					
Land and buildings	11,898	9,604	7,288	10,566	7,894
Property, plant and equipment	5,653	4,574	3,989	3,284	1,814
Intangibles	3,570	3,174	1,951	644	1,644
Inventories	10	10	10	10	10
Other non-financial assets	1,539	1,539	1,539	1,539	1,539
Total non-financial assets	22,670	18,901	14,777	16,043	12,901
Total assets	54,046	45,664	41,409	36,469	33,731
LIABILITIES					
Payables					
Suppliers	6,730	6,268	6,397	6,460	6,592
Other payables	14,662	11,138	11,468	11,468	11,468
Total payables	21,392	17,406	17,865	17,928	18,060
Provisions					
Employee provisions	22,058	22,107	21,489	21,483	21,705
Other provisions	7,412	6,236	5,764	5,301	4,851
Total provisions	29,470	28,343	27,253	26,784	26,556
Total liabilities	50,862	45,749	45,118	44,712	44,616
Net assets	3,184	(85)	(3,709)	(8,243)	(10,885)
EQUITY*					
Parent entity interest					
Contributed equity	68,331	71,624	74,715	77,825	80,949
Reserves	3,719	3,719	3,719	3,719	3,719
Retained surplus (accumulated deficit)	(68,866)	(75,428)	(82,143)	(89,787)	(95,553)
Total parent entity interest	3,184	(85)	(3,709)	(8,243)	(10,885)

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(68,866)	3,719		68,331	3,184
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(68,866)	3,719	-	68,331	3,184
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(6,562)	-	-	-	(6,562)
Total comprehensive income	(6,562)	-	-	-	(6,562)
of which:					
Attributable to the Australian Government	(6,562)	-	-	-	(6,562)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation				1,300	1,300
Departmental Capital Budget (DCB)				1,993	1,993
Sub-total transactions with owners	-	-	-	3,293	3,293
Estimated closing balance as at 30 June 2016	(75,428)	3,719	-	71,624	(85)

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	164,732	167,435	162,496	167,433	162,743
Sale of goods and rendering of services	3,586	1,375	1,375	1,375	1,375
Net GST received	7,037	7,088	6,987	7,595	7,037
Total cash received	175,355	175,898	170,858	176,403	171,155
Cash used					
Employees	99,379	100,126	95,977	95,806	96,571
Suppliers	76,917	76,272	75,381	74,797	75,084
Total cash used	176,296	176,398	171,358	170,603	171,655
Net cash from/(used by) operating activities	(941)	(500)	(500)	5,800	(500)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,713	2,793	2,591	8,910	2,624
Total cash used	3,713	2,793	2,591	8,910	2,624
Net cash from/(used by) investing activities	(3,713)	(2,793)	(2,591)	(8,910)	(2,624)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	4,713	3,293	3,091	3,110	3,124
Total cash received	4,713	3,293	3,091	3,110	3,124
Net cash from/(used by) financing activities	4,713	3,293	3,091	3,110	3,124
Net increase/(decrease) in cash held	4,713	3,293	3,091	3,110	3,124
Cash and cash equivalents at the beginning of the reporting period	1,941	2,000	2,000	2,000	2,000
Cash and cash equivalents at the end of the reporting period	59	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	2,013	1,993	1,991	2,010	2,024
Equity injections - Bill 2	2,700	1,300	1,100	1,100	1,100
Total new capital appropriations	4,713	3,293	3,091	3,110	3,124
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	3,713	2,793	2,591	2,610	2,624
<i>Other Items</i>	1,000	500	500	500	500
Total Items	4,713	3,293	3,091	3,110	3,124
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	1,700	800	600	600	600
Funded by capital appropriation - DCB (b)	2,013	1,993	1,991	2,010	2,024
Funded internally from departmental resources (c)	-	-	-	6,300	-
TOTAL	3,713	2,793	2,591	8,910	2,624
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,713	2,793	2,591	8,910	2,624
Total cash used to acquire assets	3,713	2,793	2,591	8,910	2,624

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

(b) Does not include annual finance lease costs. Include 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);

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	18,636	11,336	12,356	42,328
Accumulated depreciation/amortisation and impairment	(6,738)	(5,683)	(8,786)	(21,207)
Opening net book balance	11,898	5,653	3,570	21,121
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	100	1,082	1,611	2,793
Total additions	100	1,082	1,611	2,793
Other movements				
Depreciation/amortisation expense	(2,394)	(2,161)	(2,007)	(6,562)
Total other movements	(2,394)	(2,161)	(2,007)	(6,562)
As at 30 June 2016				
Gross book value	18,736	12,418	13,967	45,121
Accumulated depreciation/amortisation and impairment	(9,132)	(7,844)	(10,793)	(27,769)
Closing net book balance	9,604	4,574	3,174	17,352

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	39,980	39,980	39,980	39,980	39,980
Total non-taxation revenue	39,980	39,980	39,980	39,980	39,980
Total own-source revenue administered on behalf of Government	39,980	39,980	39,980	39,980	39,980
Total own-sourced income administered on behalf of Government	39,980	39,980	39,980	39,980	39,980

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	9	9	9	9	9
Trade and other receivables	4,315	4,315	4,315	4,315	4,315
Total financial assets	4,324	4,324	4,324	4,324	4,324
Total assets administered on behalf of Government	4,324	4,324	4,324	4,324	4,324

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	39,980	39,980	39,980	39,980	39,980
Total cash received	39,980	39,980	39,980	39,980	39,980
Cash used					
Other	39,980	39,980	39,980	39,980	39,980
Total cash used	39,980	39,980	39,980	39,980	39,980
Net cash from/(used by) operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at beginning of reporting period	9	9	9	9	9
Cash and cash equivalents at end of reporting period	9	9	9	9	9

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Accounting policy

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

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

Departmental and administered items

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

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

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

Departmental revenue

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

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

Departmental expenses — employees

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

Departmental expenses — suppliers

Payments to suppliers for goods and services used in providing entity programmes.

Departmental expenses — depreciation and amortisation

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

Departmental assets — financial assets

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

Departmental assets — non-financial assets

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

Departmental liabilities — provisions and payables

Provision has been made for the ACCC's liability for:

- employee entitlements arising from services rendered by employees. The liability includes unpaid annual leave and long service leave;
- onerous lease for the Nishi building in New Acton, Canberra; and
- unpaid expenses as at balance date.

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 from time to time in high quality financial assets including term deposits and investment grade fixed interest investments.

The AOFM aims to meet the Government's financing needs in a cost effective manner subject to acceptable risk and to meet the Government's policy objectives of maintaining liquid and efficient Bond and Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM. The use of Treasury Indexed Bonds facilitates diversification of the investor base by tapping into additional sources of investor demand. The development of this market has also, at times, been used to facilitate development of the Treasury Bond market.

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

The AOFM manages the Government's holdings of highly rated residential mortgage backed securities (RMBS) acquired between 2008-09 and 2012-13 in accordance with the Treasurer's directions. No assets have been added to the portfolio since April 2013. The Treasurer has issued a direction for the remaining RMBS holdings to be gradually divested.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	<i>Estimate of prior year amounts available in 2015-16 \$'000</i>	<i>Proposed at 2015-16 Budget \$'000</i>	<i>Total 2015-16 estimate \$'000</i>
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	-	25,020	-	25,020
Departmental appropriation (c)	12,130	-	11,907	11,907
s74 Retained revenue receipts (d)	361	-	811	811
Total	12,491	25,020	12,718	37,738
Administered expenses				
Outcome 1	10	-	10	10
Total	10	-	10	10
Total ordinary annual services [A]	12,501	25,020	12,728	37,748
Total available annual appropriations [A]	12,501	25,020	12,728	37,748
Special appropriations				
Special appropriations limited by criteria/entitlement - expenses				
<i>Commonwealth Inscribed</i>				
<i>Stock Act 1911</i>	14,466,644	-	15,560,134	15,560,134
<i>Financial Agreement Act 1994</i>	20	-	20	20
<i>Loans Securities Act 1919</i>	942	-	821	821
<i>Public Governance, Performance and Accountability Act 2013 (e)</i>	4,886	-	-	-
Subtotal	14,472,492	-	15,560,975	15,560,975
Special appropriations limited by criteria/entitlement - capital				
<i>Public Governance, Performance and Accountability Act 2013</i>	557,999,377	-	349,680,708	349,680,708
<i>Commonwealth Inscribed</i>				
<i>Stock Act 1911</i>	48,242,956	-	129,901,055	129,901,055
Subtotal	606,242,333	-	479,581,763	479,581,763
Total special appropriations [B]	620,714,825	-	495,142,738	495,142,738

Table 1.1: Australian Office of Financial Management resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	Actual Available Appropriation 2014-15 \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Total appropriations excluding special accounts	620,727,326	25,020	495,155,466	495,180,486
Special accounts				
Opening balance (f)	843	-	-	843
Total special accounts [C]	843	-	-	843
Total resourcing [A+B+C]	620,728,169			495,181,329
Total net resourcing for AOFM	620,728,169	-	-	495,181,329

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.72m in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Repayments not provided for under other appropriations.

(f) Estimated opening balance for special accounts. For further information on special accounts, see Table 3.1.2.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Table 1.2: Entity 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

The AOFM does not have any new budget measures.

Part 2: Measures not previously reported in a portfolio statement

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures						
Communications and Public Affairs						
Functions - targeted savings						
	1.1					
		(4)	(7)	(7)	(7)	(7)
		(4)	(7)	(7)	(7)	(7)
Total expense measures						
		(4)	(7)	(7)	(7)	(7)
		(4)	(7)	(7)	(7)	(7)

This measure was included in Budget Paper No.2, *Budget Measures 2014-15* and has not previously appeared in a portfolio statement.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the AOFM in achieving government outcomes.

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government

Outcome 1 strategy

The AOFM's activities include debt issuance, cash management, investment, portfolio management, compliance monitoring, financial reporting, transaction settlement, debt administration, regular communication with investors, monitoring of market conditions and liaison with market intermediaries.

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

The within year cash management task results from differences in the timing of receipts and payments in the Official Public Account. In managing the Government's cash balances, the AOFM will issue Treasury Notes, and make short-term term deposits with the Reserve Bank of Australia. The AOFM may also from time to time invest in fixed interest investments (as provided for under the *Public Governance, Performance and Accountability Act 2013*) and may raise funds by entering into repurchase agreements.

The AOFM's financial assets and financial liabilities are managed in accordance with legislative requirements; delegations and directions from the Treasurer; and instructions from the Secretary to the Treasury and the AOFM Chief Executive.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Australian Office of Financial Management		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	10	10
Special appropriations	14,472,492	15,560,975
Expenses not requiring appropriation in the Budget year	7,199	-
Departmental expenses		
Departmental appropriation (a)	9,909	11,998
Expenses not requiring appropriation in the Budget year (b)	820	820
Total for Programme 1.1	14,490,430	15,573,803
Total expenses for Outcome 1	14,490,430	15,573,803
	2014-15	2015-16
Average staffing level (number)	42	41

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

(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.

Contributions to Outcome 1

Programme 1.1: Australian Office of Financial Management

Programme objectives

- To meet the Budget financing task in a cost-effective manner subject to acceptable risk;
- To facilitate the Government's cash outlay requirements as and when they fall due;
- To be a credible custodian of the Australian Government Securities market and other portfolio responsibilities; and
- To be a well-managed organisation.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Administered items	10	10	10	10	10
Special appropriations:					
<i>Commonwealth Inscribed Stock Act 1911</i>	14,466,644	15,560,134	16,454,223	16,845,590	17,363,688
<i>Financial Agreement Act 1994</i>	20	20	20	20	20
<i>Loans Securities Act 1919</i>	942	821	658	-	-
<i>Public Governance, Performance and Accountability Act 2013</i>	4,886	-	-	-	-
Expenses not requiring appropriation in the Budget year	7,199	-	-	-	-
Annual departmental expenses:					
Employee benefits	6,715	6,885	7,092	7,296	7,446
Suppliers	3,194	5,113	4,852	4,759	4,719
Expenses not requiring appropriation in the Budget year (a)	820	820	820	820	820
Total programme expenses	14,490,430	15,573,803	16,467,675	16,858,495	17,376,703

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

Programme 1.1 deliverables

- Issue Treasury Bonds, Treasury Indexed Bonds and Treasury Notes;
- Manage the Official Public Account balance; and
- Manage the Australian residential mortgage-backed securities portfolio.

Programme 1.1 key performance indicators against each programme objective

- To meet the Budget financing task in a cost-effective manner subject to acceptable risk:
 - The financing task is met, by comparing the actual volume of debt issued with the volume of debt issuance that was necessary to fund the Budget;

- Cost efficient debt issuance, by comparing actual issuance prices with secondary market prices; and
- A cost efficient debt portfolio, by monitoring the debt servicing costs of the debt portfolio.
- To facilitate the Government's cash outlay requirements as and when they fall due:
 - Efficient cash management, by non-reliance on the overdraft facility with the Reserve Bank of Australia to meet the Government's cash outlays.
- To be a credible custodian of the Australian Government Securities market and other portfolio responsibilities:
 - Liquid Treasury Bonds and Treasury Indexed Bonds markets, by monitoring the trading volumes in these markets and usage of the AOFM's securities lending facility.
- To be a well-managed organisation:
 - A cost efficient organisation, by monitoring administrative cost ratios to issue debt and to manage the debt portfolio;
 - A risk mature organisation, by comparing actual risk management capability with risk management capability targets;
 - A prudently operated organisation, through compliance with all relevant financial management and borrowing legislative requirements; and
 - A financially strong organisation, through operating within financial constraints.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AOFM has not moved administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the AOFM.

Table 3.1.2: Estimates of special account flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Debt Retirement Reserve Trust Account (A) 2015-16	1	843	-	-	-	843
<i>Debt Retirement Reserve Trust Account (A) 2014-15</i>	1	843	-	-	-	843
Total special accounts 2015-16 Budget estimate		843	-	-	-	843
<i>Total special accounts 2014-15 estimated actual</i>		843	-	-	-	843

(A) = Administered

Until 1990, the Australian Government borrowed on behalf of the State and Northern Territory Governments and allocated a portion of its Treasury Bond raisings to those governments to fund the redemption of previous allocations of bonds. Until 1986, the Australian Government also borrowed on behalf of State and Northern Territory Governments to raise new borrowings. In addition, there are outstanding balances of various loans raised by the State Governments.

The annual funding to meet the redemption of debt allocated to the States and the Northern Territory is governed by the *Financial Agreement Act 1994*, which requires the Australian Government to establish and maintain the Debt Retirement Reserve Trust Account for the States and the Northern Territory. Monies standing to the credit of a State or the Northern Territory are applied by the Australian Government in connection with the repurchase and repayment of the debt of that State or the Northern Territory.

Only perpetual debt with no fixed maturity date remains outstanding under these arrangements for New South Wales and Victoria. Redemption of the perpetual debt is at the discretion of the relevant State.

3.1.3 Australian Government Indigenous expenditure

The AOFM has no specific Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

Departmental

Sales of goods and services revenue as recorded in the comprehensive income statement (Table 3.2.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental 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 for expenses and for capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the entity resource statement (Table 1.1). The administered financial statements identify expenses in the schedule of budgeted income and expenses (Table 3.2.7), and capital expenditures in the capital budget schedule (Table 3.2.10).

3.2.2 Analysis of budgeted financial statements

Departmental

The AOFM forecasts that during the forward estimates period it will need to make renewed capital investment in entity infrastructure. Capital expenditure on the AOFM's specialist debt management systems, both for development and replacement, represents the majority of this expenditure.

Administered

The budget and forward estimates reflect expected increases in debt issuance and debt levels to meet the Government's funding needs. With the increased level of debt, total debt servicing costs will also rise.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	6,715	6,885	7,092	7,296	7,446
Suppliers	3,514	5,433	5,172	5,079	5,039
Depreciation and amortisation	500	500	500	500	500
Total expenses	10,729	12,818	12,764	12,875	12,985
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	681	1,131	1,131	1,131	1,131
Total own-source income	681	1,131	1,131	1,131	1,131
Net cost of/(contribution by) services	10,048	11,687	11,633	11,744	11,854
Revenue from Government	11,398	11,187	11,133	11,244	11,354
Surplus/(deficit) attributable to the Australian Government	1,350	(500)	(500)	(500)	(500)
Total comprehensive income/(loss) attributable to the Australian Government	1,350	(500)	(500)	(500)	(500)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations.	1,850	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	500	500	500	500	500
Total comprehensive income/(loss) - as per the statement of comprehensive income	1,350	(500)	(500)	(500)	(500)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	24,998	24,546	24,596	24,651	24,651
Total financial assets	25,098	24,646	24,696	24,751	24,751
Non-financial assets					
Property, plant and equipment	586	1,372	1,661	1,959	2,265
Intangibles	2,409	2,343	2,277	2,211	2,145
Other non-financial assets	952	952	952	952	952
Total non-financial assets	3,947	4,667	4,890	5,122	5,362
Total assets	29,045	29,313	29,586	29,873	30,113
LIABILITIES					
Payables					
Suppliers	89	89	89	89	89
Other payables	6	6	6	6	6
Total payables	95	95	95	95	95
Provisions					
Employee provisions	2,186	2,234	2,284	2,339	2,339
Other provisions	140	140	140	140	140
Total provisions	2,326	2,374	2,424	2,479	2,479
Total liabilities	2,421	2,469	2,519	2,574	2,574
Net assets	26,624	26,844	27,067	27,299	27,539
EQUITY*					
Parent entity interest					
Contributed equity	1,416	2,136	2,859	3,591	4,331
Retained surplus (accumulated deficit)	25,208	24,708	24,208	23,708	23,208
Total parent entity interest	26,624	26,844	27,067	27,299	27,539
Total Equity	26,624	26,844	27,067	27,299	27,539

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Contributed equity \$'000	Total equity \$'000
Opening balance as at 1 July 2015			
Balance carried forward from previous period	25,208	1,416	26,624
Opening balance	25,208	1,416	26,624
Comprehensive income			
Surplus/(deficit) for the period	(500)	-	(500)
Total comprehensive income	(500)	-	(500)
of which:			
Attributable to the Australian Government	(500)	-	(500)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	720	720
Sub-total transactions with owners	-	720	720
Estimated closing balance as at 30 June 2016	24,708	2,136	26,844
Closing balance attributable to the Australian Government	24,708	2,136	26,844

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	12,312	12,450	11,894	12,000	12,165
Sale of goods and rendering of services	361	811	811	811	811
Total cash received	12,673	13,261	12,705	12,811	12,976
Cash used					
Employees	6,668	6,837	7,042	7,241	7,446
Suppliers	3,194	5,113	4,852	4,759	4,719
s 74 Retained revenue receipts transferred to OPA	361	811	811	811	811
Total cash used	10,223	12,761	12,705	12,811	12,976
Net cash from/(used by) operating activities	2,450	500	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,974	1,220	723	732	740
Total cash used	1,974	1,220	723	732	740
Net cash from/(used by) investing activities	(1,974)	(1,220)	(723)	(732)	(740)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	732	720	723	732	740
Total cash received	732	720	723	732	740
Cash used					
Repayments to Government	1,208	-	-	-	-
Total cash used	1,208	-	-	-	-
Net cash from/(used by) financing activities	(476)	720	723	732	740
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	100	100	100	100	100
Cash and cash equivalents at the end of the reporting period	100	100	100	100	100

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	732	720	723	732	740
Total new capital appropriations	732	720	723	732	740
<i>Provided for:</i>					
Purchase of non-financial assets	732	720	723	732	740
Total Items	732	720	723	732	740
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation					
- DCB (a)	1,974	1,220	723	732	740
TOTAL	1,974	1,220	723	732	740
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,974	1,220	723	732	740
Total cash used to acquire assets	1,974	1,220	723	732	740

(a) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs). Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Property, plant and equipment \$'000	Computer software \$'000	Total \$'000
As at 1 July 2015			
Gross book value	2,002	5,987	7,989
Accumulated depreciation/amortisation and impairment	(1,416)	(3,578)	(4,994)
Opening net book balance	586	2,409	2,995
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	986	234	1,220
Total additions	986	234	1,220
Other movements			
Depreciation/amortisation expense	(200)	(300)	(500)
Total other movements	(200)	(300)	(500)
As at 30 June 2016			
Gross book value	2,988	6,221	9,209
Accumulated depreciation/amortisation and impairment	(1,616)	(3,878)	(5,494)
Closing net book balance	1,372	2,343	3,715

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015-16 for depreciation/amortisation expenses, DCBs or other operational expenses. Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Grants	20	20	20	20	20
Interest costs	14,449,596	15,559,965	16,453,891	16,844,600	17,362,698
Other expenses	22,886	1,000	1,000	1,000	1,000
Total expenses before re-measurements	14,472,502	15,560,985	16,454,911	16,845,620	17,363,718
LESS:					
OWN-SOURCE INCOME					
Non-taxation revenue					
Interest	914,031	794,638	644,161	458,060	560,084
Other	4,886	-	-	-	-
Total revenue before re-measurements	918,917	794,638	644,161	458,060	560,084
GAINS (LOSSES) BEFORE RE-MEASUREMENTS					
Net loss on repurchase of debt	(7,199)	-	-	-	-
Net gain on sale of financial assets	1,469	16,938	-	-	-
Total gains (losses) before re-measurements	(5,730)	16,938	-	-	-
Operating result before re-measurement	(13,559,315)	(14,749,409)	(15,810,750)	(16,387,560)	(16,803,634)
RE-MEASUREMENTS					
Net market revaluation gains (losses)	(14,532,837)	3,604,294	3,114,556	2,601,503	2,396,374
Total re-measurements	(14,532,837)	3,604,294	3,114,556	2,601,503	2,396,374
Total comprehensive income/(loss)	(28,092,152)	(11,145,115)	(12,696,194)	(13,786,057)	(14,407,260)

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	622	622	622	622	622
Receivables	2,033,268	1,958,242	1,881,186	1,801,797	1,720,160
Investments	34,814,023	22,417,738	32,177,679	25,717,135	25,472,358
Total assets administered on behalf of Government	36,847,913	24,376,602	34,059,487	27,519,554	27,193,140
LIABILITIES					
Interest bearing liabilities					
Australian Government Securities	418,309,237	464,299,067	527,454,584	550,071,616	569,504,213
Other	124	124	124	124	124
Total liabilities administered on behalf of Government	418,309,361	464,299,191	527,454,708	550,071,740	569,504,337
Net assets/ (liabilities)	(381,461,448)	(439,922,589)	(493,395,221)	(522,552,186)	(542,311,197)

Prepared on Australian Accounting Standards basis.

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

	2014-15	2015-16	2016-17	2017-18	2018-19
	Estimated actual	Budget	Forward estimate	Forward estimate	Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Interest	890,362	790,969	618,636	447,217	547,141
Other	4,886	-	-	-	-
Total cash received	895,248	790,969	618,636	447,217	547,141
Cash used					
Grant	20	20	20	20	20
Borrowing costs	15,633,067	16,969,336	18,202,709	19,116,330	19,906,156
Other	4,886	-	-	-	-
Total cash used	15,637,973	16,969,356	18,202,729	19,116,350	19,906,176
Net cash from/(used by) operating activities	(14,742,725)	(16,178,387)	(17,584,093)	(18,669,133)	(19,359,035)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances and loans	90,681	92,229	93,947	95,937	97,813
Net cash from/(used by) investing activities	90,681	92,229	93,947	95,937	97,813
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	101,803,812	180,923,940	236,360,348	196,669,644	131,052,670
Investment redemptions	556,356,926	362,060,008	292,344,487	198,475,979	259,606,663
Total cash received	658,160,738	542,983,948	528,704,835	395,145,623	390,659,333
Cash used					
Repayment of borrowings	48,242,956	129,901,055	168,342,325	169,178,913	106,679,942
Investments made	557,999,377	349,680,708	302,095,927	192,022,606	259,366,418
Total cash used	606,242,333	479,581,763	470,438,252	361,201,519	366,046,360

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Net cash from/(used by) financing activities	51,918,405	63,402,185	58,266,583	33,944,104	24,612,973
Net increase/(decrease) in cash held	37,266,361	47,316,027	40,776,437	15,370,908	5,351,751
Cash and cash equivalents at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for:					
- Appropriations	622,329,179	497,236,354	489,302,635	380,906,094	386,478,570
Total cash from Official Public Account	622,329,179	497,236,354	489,302,635	380,906,094	386,478,570
Cash to Official Public Account for:					
- Appropriations	(659,595,540)	(544,552,381)	(530,079,072)	(396,277,002)	(391,830,321)
Total cash to Official Public Account	(659,595,540)	(544,552,381)	(530,079,072)	(396,277,002)	(391,830,321)
Cash and cash equivalents at end of reporting period	622	622	622	622	622

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Administered capital - special appropriation (Admin only)	606,242,333	479,581,763	470,438,252	361,201,519	366,046,360
Total new capital appropriations	606,242,333	479,581,763	470,438,252	361,201,519	366,046,360
Provided for:					
Repayment of borrowings and purchases of investments	606,242,333	479,581,763	470,438,252	361,201,519	366,046,360
Total items	606,242,333	479,581,763	470,438,252	361,201,519	366,046,360

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

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

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

With the exception of loans to the States and the Northern Territory, the administered financial statements have been prepared on a fair value basis in accordance with Australian Accounting Standards. Loans to the States and the Northern Territory are measured on an amortised cost basis, after initial recognition at fair value.

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

Budgeted departmental and administered financial statements

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

Departmental assets, liabilities, revenue and expenses are those which are controlled by the entity. Entity expenses include employee and supplier expenses and other administrative costs, which are incurred by the entity in providing its goods and services to government.

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

Administered internal transactions

Administered transactions between the AOFM and other entities within the general government sector (administered internal transactions) are not reported in the schedule of budgeted administered income and expenses or the schedule of budgeted administered assets and liabilities.

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

Goods and services tax

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

Budgeted departmental comprehensive income statement

Appropriations

Under the net cash appropriation framework the AOFM receives an output appropriation to meet budgeted expenses (except depreciation). The output appropriation is recognised in revenue in the year it is appropriated.

The AOFM also receives a capital appropriation for the replacement of infrastructure, plant and equipment and intangibles. The capital appropriation is not recognised in revenue. It is recognised as contributed equity in the departmental balance sheet in the year the appropriation takes effect.

Budgeted departmental balance sheet

Cash and undrawn appropriations

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

- settle employee liabilities as they fall due;
- fund future asset replacements; and
- repay liabilities.

Administered schedule of budgeted income and expenses

Table 3.2.11: Non taxation revenue — interest

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Interest revenue					
Interest on State loans	123,582	119,273	114,865	110,336	105,665
Interest on investments	790,449	675,365	529,296	347,724	454,419
Total interest	914,031	794,638	644,161	458,060	560,084

Net market revaluation gains (losses)

Net market revaluation gains (losses) represent the estimated unrealised fair value gains or losses on the financial asset and financial liability portfolio. The revaluation

effect represents the change in financial exposures due to changes in market conditions and the passage of time.

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

Administered schedule of budgeted assets and liabilities

Financial assets — investments

The AOFM invests surplus funds in the Official Public Account in deposits and fixed interest securities. Investments also include holdings of residential mortgage backed securities. Estimates of the fair value of these asset holdings are disclosed as administered investments. The asset holdings of the Future Fund and other government entities are not included in these estimates.

Interest bearing liabilities — Australian Government Securities

Interest bearing liabilities represent the fair value of Australian Government Securities on issue.

Table 3.2.12: Australian Government Securities

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Australian Government Securities					
Treasury Bonds	372,916,065	411,749,068	464,682,510	492,591,925	512,874,171
Treasury Indexed Bonds	39,379,375	42,537,292	47,772,972	52,470,689	51,621,041
Treasury Notes	5,991,885	9,991,300	14,985,150	4,995,050	4,995,050
Other	21,912	21,407	13,952	13,952	13,951
Total Australian Government Securities (fair value)	418,309,237	464,299,067	527,454,584	550,071,616	569,504,213

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 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 programme 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 while not impeding continued improvement in efficiency or hindering competition. 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 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.

The global financial crisis provided a test of Australia's prudential regime and financial stability arrangements, the strength of which have been widely accepted as an important contributing factor to Australia's continued economic and financial stability through the crisis. Strong and safe financial institutions that will meet their financial promises under all reasonable circumstances, and a stable financial system, are fundamental for fostering growth and sustainable competition.

In 2015-16, APRA's main strategic objectives are to:

- identify and understand significant risks at both industry and institution level so timely and proportionate action can be taken to protect beneficiary interests;
- maintain a robust prudential framework that sets requirements for prudent behaviour of regulated institutions and their boards and which is consistent with relevant international standards;
- strengthen failure and crisis preparedness;
- have highly skilled and engaged people, guided and supported by strong leaders within an open, values-aligned culture;
- have more robust and efficient organisational processes and infrastructure which support core functions; and
- enhance transparency in communication, engagement with stakeholders and accountability for performance.

APRA's supervisory activities in 2014-15 have been conducted against a backdrop of a continued improvement in sentiment in global financial markets, reflecting further strengthening of major banking systems and the ongoing recovery in major economies. Nonetheless, fragilities in the Euro area remain and the initial steps taken to normalise US monetary policy have sparked concerns about impacts on, in particular, emerging markets. The Australian financial system remained in a relatively strong position, supported by the continued (albeit slower) momentum of the Australian economy and signs of a renewed appetite for credit by Australian households and business. APRA has maintained its supervisory intensity throughout this period, and implemented key elements of its prudential policy agenda.

APRA's activities will continue at a high tempo in 2015-16. Its supervisory oversight will focus on how regulated institutions respond to emerging risks as the Australian economy adapts to the ending of the mining investment boom. APRA will pay particular attention to housing lending standards in the current context of robust

competition and strong price pressures in some housing markets. On the policy front, APRA will focus on responding to the recommendations of the Financial System Inquiry, finalising a new prudential framework for conglomerate groups, and a simplified framework for securitisation, and on monitoring the impact of the various prudential reforms APRA has introduced since the global financial crisis began.

In the 2014-15 Budget, the Government announced the cessation of the Private Health Insurance Administration Council (PHIAC) as part of its measures to reduce duplication and increase efficiency in how public funds are used to deliver services to the community. PHIAC's prudential regulation of private health insurers will be merged into APRA following the passing of relevant enabling legislation which is expected to be passed prior to 30 June 2015. These statements currently exclude the financial impact of this transition.

1.2 Entity resource statement

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

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Departmental appropriation	953	-	1,237	1,237
s74 Retained revenue receipts (b)	4,140		4,930	4,930
Total ordinary annual services [A]	5,093	-	6,167	6,167
Other services (c)				
Departmental non-operating				
Equity injections	108		-	-
Total other services [B]	108	-	-	-
Total available annual appropriations [A+B]	5,201	-	6,167	6,167

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	<i>Actual Available Appropriation 2014-15</i> \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Special appropriations				
<i>Public Governance, Performance and Accountability Act 2013 - s77 (d)</i>	-	-	-	
Total special appropriations [C]	-	-	-	-
Total appropriations excluding special accounts	5,201	-	6,167	6,167
Special accounts				
Opening balance (e)	57,614	59,877		59,877
Appropriation receipts (f)	5,201	-	6,167	6,167
Non-appropriation receipts to Special Accounts	119,543	-	118,951	118,951
Total special accounts [D]	182,358	59,877	125,118	184,995
Total resourcing [A+B+C+D]	187,559	59,877	131,285	191,162
Less appropriations drawn from annual or special appropriations above and credited to special accounts	5,201	-	6,167	6,167
Total net resourcing for APRA	182,358	59,877	125,118	184,995

(a) *Appropriation Bill (No. 1) 2015-16.*

(b) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(c) *Appropriation Bill (No. 2) 2015-16.*

(d) Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

(e) Estimated opening balance for special accounts (less '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 Moneys* accounts (SOETM)). For further information on special accounts, see Table 3.1.2.

(f) Appropriation receipts from the Private Health Insurance Administration Council, the Reserve Bank of Australia, the Australian Bureau of Statistics, the Australian Competition and Consumer Commission and the Australian Taxation Office, and special appropriations included above.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

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

**Table 1.2: Australian Prudential Regulation Authority 2015-16
Budget measures**

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Revenue measures						
Full Cost Recovery of Superannuation Activities						
	Revenue revenue	1.1	-	(11,600)	(11,629)	(11,738)
			(11,953)			
Total revenue measures						
		-	(11,600)	(11,629)	(11,738)	(11,953)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

APRA's outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of APRA in achieving Government outcomes.

Outcome 1: Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality

Outcome 1 strategy

The role of APRA is developing and enforcing a robust prudential framework that promotes prudent behaviour by authorised deposit-taking institutions, insurance companies, superannuation funds and other financial institutions it supervises, with the key aim of protecting the interests of their depositors, policyholders and superannuation fund members.

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

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.1: Australian Prudential Regulation Authority		
Administered expenses		
Special appropriations - waivers and write off	-	-
Departmental expenses		
Special accounts	119,543	118,951
Ordinary annual services (Appropriation Bill No. 1)	953	1,237
Revenues from Independent Sources (s74)	4,000	4,790
Other services (Appropriation Bill No. 2)	108	-
Expenses not requiring appropriation in the Budget year (a)	140	140
Total for programme 1.1	124,744	125,118
Outcome 1 Totals by appropriation type		
Administered expenses		
Special appropriations - waivers and write off	-	-
Departmental expenses		
Special accounts	119,543	118,951
Departmental appropriation	5,061	6,027
Expenses not requiring appropriation in the Budget year (a)	140	140
Total expenses for Outcome 1	124,744	125,118
	2014-15	2015-16
Average staffing level (number)	589	590

(a) 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.

Contributions to Outcome 1

Programme 1.1: Australian Prudential Regulation Authority

Programme objective

To enhance public confidence in Australia's financial institutions through a framework of prudential regulation that balances financial safety and efficiency, competition, contestability and competitive neutrality.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	121,263	125,118	124,212	127,918	128,639
Total programme expenses	121,263	125,118	124,212	127,918	128,639

Programme 1.1 deliverables

APRA has the following programme deliverables:

- the issuance of prudential standards and guidance to assist regulated industries manage risk;
- active oversight of regulated institutions aimed at mitigating financial loss by depositors, policyholders and superannuation fund members that may result from the failure of a regulated institution to adequately manage risk; and
- advice to government on prudential regulation policy development; advice on amendments to legislation and regulations administered by APRA; and briefing to the government on matters emerging from international fora that may impact on prudential policy.

Programme 1.1 key performance indicators

APRA has the following key performance indicators:

- timely issuance of prudential standards and guidance that address risk management exposures of regulated institutions;
- identification of emerging prudential risks within regulated institutions through programs of on-site visits and off-site surveillance and the supervision of remedial actions to effectively manage such risks;
- exercise of APRA's formal enforcement powers where necessary to protect the interests of depositors, policyholders, superannuation fund members or the public interest generally; and
- transparent engagement with stakeholders including timely briefings to government on financial system developments and on major items of policy interest emerging from APRA's participation in international fora.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of APRA's finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

APRA has not moved any administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by APRA.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Australian Prudential Regulation Authority Special Account (D) (a) 2015-16	1	59,877	125,118	(121,890)	-	63,105
<i>Australian Prudential Regulation Authority Special Account (D) 2014-15</i>	1	57,614	124,744	(122,481)	-	59,877
Financial Claims Scheme Special Account (A) 2015-16	1	835	-	-	-	835
<i>Financial Claims Scheme Special Account (A) 2014-15</i>	1	835	-	-	-	835
Lloyd's Deposit Trust Special Account (A) 2015-16	1	2,000	-	-	-	2,000
<i>Lloyd's Deposit Trust Special Account (A) 2014-15</i>	1	2,000	-	-	-	2,000
Total special accounts 2015-16 Budget estimate		62,712	125,118	(121,890)	-	65,940
<i>Total special accounts 2014-15 estimated actual</i>		<i>60,449</i>	<i>124,744</i>	<i>(122,481)</i>	<i>-</i>	<i>62,712</i>

(A) = Administered

(D) = Departmental

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

The 'Receipts' column in Table 3.1.2 includes \$2.5m appropriated in departmental Appropriation Bill (No. 1) 2015-16 for Interest Equivalency Payments (IEPs), which will be credited to the APRA special account during 2015-16.

3.1.3 Australian Government Indigenous Expenditure

APRA does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.2.1) indicates a small decrease in available appropriation revenue, year on year. However the appropriation revenue for 2014-15 was higher than budgeted as a consequence of a small

over-collection from industry. APRA will seek to return these over-collected amounts in 2015-16.

Employee expenses of \$92.9 million support an average staffing level (ASL) of 590 in 2015-16. The estimated staffing will enable APRA to supervise regulated institutions and their response to emerging risks, focus on housing lending standards in the current context, finalise a new prudential framework for conglomerate groups and a simplified framework for securitisation, and monitor the impact of prudential reforms introduced by APRA since the global financial crisis began.

Supplier costs in 2015-16 take into account savings on premises leasing costs, travel and other expenditure in line with whole-of-government requirements.

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

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

The budgeted departmental statement of cash flows (Table 3.2.4) reflects the source and application of appropriations and other revenue, as detailed in Table 3.2.1.

The schedule of budgeted income and expenses administered on behalf of the government (Table 3.2.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Commonwealth under the *Financial Institutions Supervisory Levies Collection Act 1998*. Apart from the amount required to fund APRA, the levies also include amounts to fund activities of the Australian Taxation Office (ATO) for unclaimed superannuation money, lost member functions and for the implementation of the Stronger Super – SuperStream reforms; the Australian Securities and Investments Commission (ASIC) for consumer protection and market integrity functions; and the Department of Human Services (DHS) for the administration of claims for early release of superannuation benefits on compassionate grounds.

The schedule of budgeted assets and liabilities administered on behalf of Government (Table 3.2.8) mainly reflects the unused funds relating to the Financial Claims Scheme.

The schedule of budgeted administered cash flows (Table 3.2.9), indicates that cash collected is swept daily from the APRA account to the Official Public Account (OPA), from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as per Table 3.2.1). The residual is retained in the OPA to meet the Treasurer's Determinations for the ATO, ASIC and DHS.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	88,837	92,917	93,039	94,554	96,205
Suppliers	25,224	24,815	23,673	24,074	23,676
Depreciation and amortisation	7,202	7,386	7,500	9,290	8,758
Total expenses	121,263	125,118	124,212	127,918	128,639
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,277	3,680	3,680	3,680	3,680
Other revenue	863	1,250	1,250	1,250	1,250
Total revenue	4,140	4,930	4,930	4,930	4,930
Total own-source income	4,140	4,930	4,930	4,930	4,930
Net cost of/(contribution by) services	117,123	120,188	119,282	122,988	123,709
Appropriation revenue	120,496	120,188	119,282	122,988	123,709
Surplus/(deficit) attributable to the Australian Government	3,373	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	1,639	1,639	1,639	1,639	1,639
Receivables	60,807	64,035	69,783	73,921	77,927
Total financial assets	62,446	65,674	71,422	75,560	79,566
Non-financial assets					
Property, plant and equipment	9,810	9,810	27,069	27,069	27,069
Intangibles	14,869	13,890	10,390	8,500	6,742
Other	2,804	2,804	2,804	2,804	2,804
Total non-financial assets	27,483	26,504	40,263	38,373	36,615
Assets held for sale					
Total assets	89,929	92,178	111,685	113,933	116,181
LIABILITIES					
Provisions					
Employees	37,023	39,272	41,520	43,768	46,016
Other	4,078	3,400	20,659	20,659	20,659
Total provisions	41,101	42,672	62,179	64,427	66,675
Payables					
Suppliers	3,102	3,780	3,780	3,780	3,780
Total payables	3,102	3,780	3,780	3,780	3,780
Total liabilities	44,203	46,452	65,959	68,207	70,455
Net assets	45,726	45,726	45,726	45,726	45,726
EQUITY*					
Contributed equity	16,657	16,657	16,657	16,657	16,657
Reserves	13,099	13,099	13,099	13,099	13,099
Retained surplus (accumulated deficit)	15,970	15,970	15,970	15,970	15,970
Total Equity	45,726	45,726	45,726	45,726	45,726

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	15,970	7,099	6,000	16,657	45,726
Adjusted opening balance	15,970	7,099	6,000	16,657	45,726
Comprehensive income					
Surplus/(deficit) for the period	-	-	-	-	-
Total comprehensive income recognised directly in equity	-	-	-	-	-
Transactions with owners					
Equity Injection - Appropriation	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2016	15,970	7,099	6,000	16,657	45,726

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,277	3,680	3,680	3,680	3,680
Appropriations	120,496	120,188	119,282	122,988	123,709
Receipts from Government	4,140	4,930	4,930	4,930	4,930
Other	863	1,250	1,250	1,250	1,250
Total cash received	128,776	130,048	129,142	132,848	133,569
Cash used					
Employees	88,837	92,917	93,039	94,554	96,205
Suppliers	24,968	25,794	22,414	25,964	25,434
s74 Retained revenue receipts transferred to OPA	4,140	4,930	4,930	4,930	4,930
Total cash used	117,945	123,641	120,383	125,448	126,569
Net cash from/(used by) operating activities	10,831	6,407	8,759	7,400	7,000
INVESTING ACTIVITIES					
Cash received					
Other	-	-	12,500	-	-
Total cash received	-	-	12,500	-	-
Cash used					
Purchase of property, plant and equipment / intangibles	10,939	6,407	21,259	7,400	7,000
Total cash used	10,939	6,407	21,259	7,400	7,000
Net cash from/(used by) investing activities	(10,939)	(6,407)	(8,759)	(7,400)	(7,000)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	108	-	-	-	-
Total cash received	108	-	-	-	-
Net cash from/(used by) financing activities	108	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	1,639	1,639	1,639	1,639	1,639
Cash at the end of the reporting period	1,639	1,639	1,639	1,639	1,639

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Total equity injections	108	-	-	-	-
Total new capital appropriations	108	-	-	-	-
Provided for:					
<i>Purchase of non-financial assets</i>	108	-	-	-	-
Total Items	108	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	108	-	-	-	-
Funded internally from departmental resources	10,831	6,407	21,259	7,400	7,000
TOTAL	10,939	6,407	21,259	7,400	7,000
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	10,939	6,407	21,259	7,400	7,000
Total cash used to acquire assets	10,939	6,407	21,259	7,400	7,000

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015			
Gross book value	17,674	42,543	60,217
Accumulated depreciation/amortisation and impairment	(7,864)	(27,674)	(35,538)
Opening net book balance	9,810	14,869	24,679
Capital asset additions			
By purchase - other	2,015	4,392	6,407
Total additions	2,015	4,392	6,407
Other movements			
Depreciation/amortisation expense	(2,015)	(5,371)	(7,386)
Total other movements	(2,015)	(5,371)	(7,386)
As at 30 June 2016			
Gross book value	19,689	46,935	66,624
Accumulated depreciation/amortisation and impairment	(9,879)	(33,045)	(42,924)
Closing net book balance	9,810	13,890	23,700

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Waivers and write-offs	-	-	-	-	-
Total expenses administered on behalf of Government	-	-	-	-	-
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other sources of non-taxation <i>Financial Institutions Supervisory Levies Collection Act 1998</i>	231,474	231,478	203,863	206,479	171,443
<i>Superannuation (Financial Assisting Funding) Levy Act 1993</i>	-	-	-	-	-
Total non-taxation revenue	231,474	231,478	203,863	206,479	171,443
Total own-source revenue administered on behalf of Government	231,474	231,478	203,863	206,479	171,443
Total own-sourced income administered on behalf of Government	231,474	231,478	203,863	206,479	171,443
Net cost of/(contribution by) services	(231,474)	(231,478)	(203,863)	(206,479)	(171,443)
Surplus/(deficit)	(231,474)	(231,478)	(203,863)	(206,479)	(171,443)

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash - Financial Claims Scheme special account	835	835	835	835	835
Receivables	525	525	525	525	525
Total financial assets	1,360	1,360	1,360	1,360	1,360
Total assets administered on behalf of Government	1,360	1,360	1,360	1,360	1,360

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash or equivalents received					
Transfer from Official Public Account Administered revenue	231,474	231,478	203,863	206,479	171,443
Total cash or equivalents received	231,474	231,478	203,863	206,479	171,443
Cash or equivalents used					
Cash to Official Public Account Administered expenses	231,474	231,478	203,863	206,479	171,443
Total cash or equivalents used	231,474	231,478	203,863	206,479	171,443
Net cash from/(used by) operating activities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted departmental statement of financial performance

Revenues from government

APRA is funded by appropriation to its special account for levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported by APRA is net of the levies retained in the OPA to fund the

ATO for administration of unclaimed monies, administration of lost member functions and the implementation of Stronger Super – SuperStream reforms, ASIC for consumer protection and market integrity functions, and DHS for administration of early release of superannuation benefits on compassionate grounds.

Other revenue

Revenue from rendering of specific services is recognised by reference to the stage of completion of contracts or other agreements. Revenue from licence fees is recognised on receipt of the application and licence fee.

Depreciation and amortisation

APRA's depreciation expense is applied to supporting the capital program that aims to maintain APRA's processes and infrastructure at an appropriate standard.

Budgeted departmental statement of financial position

Financial assets

Receivables include levies invoiced but still outstanding at the financial year-end and accrued revenues, being fees pro-rated over the periods to which they relate.

All accounts receivable are recorded at their estimated recoverable amount.

Non-financial assets

Non-financial assets include leasehold improvements, furniture and fittings, computer hardware and office equipment. All of the foregoing assets are shown at fair value. Intangible assets comprise capitalised software, including works in progress and are shown at cost. APRA does not own any land or buildings.

Other non-financial assets include prepayments.

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and payments to trade creditors.

Equity

The opening balance of contributed equity includes the net value of assets and liabilities transferred from the Reserve Bank of Australia and the Insurance and Superannuation Commission on the formation of APRA on 1 July 1998, less an amount of \$2.1 million returned to the Consolidated Revenue Fund as a return of unused appropriation in 2004-05.

Budgeted departmental statement of cash flows

Cash received from operating activities includes the appropriation for levies collected from industry less amounts collected on behalf of the ATO, ASIC and DHS and cash from fees and charges.

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Non-taxation revenues are the levies and late payment penalties collected under the *Financial Institutions Supervisory Levies Collection Act 1998*. The revenue reported in this statement is higher than that reported by APRA in the budgeted agency statement of financial position by the amount retained in the OPA to fund ATO, ASIC and DHS activities described above.

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

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

Schedule of budgeted administered cash flows

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

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: 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 focuses on the following priorities:

- promoting investor and financial consumer trust and confidence;
- ensuring fair, orderly and transparent markets; and
- providing efficient and accessible registration.

More specifically, ASIC is an integrated financial services and market regulator responsible for consumer protection and market integrity in areas such as investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and

market operators (for example, the Australian Securities Exchange). ASIC has an enforcement and regulatory role designed to detect, understand and respond to misconduct.

ASIC plays a key role in public and consumer financial education through its MoneySmart website and a variety of community outreach activities and programs.

ASIC also operates a public register that provides information about Australia's 2.12 million companies, 1.99 million business names, financial services licensees and other professionals registered with ASIC.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	<i>Estimate of prior year amounts available in 2015-16 \$'000</i>	<i>Proposed at 2015-16 Budget \$'000</i>	<i>Total 2015-16 estimate \$'000</i>
Ordinary annual services (a)				
Departmental appropriation				
Prior year departmental appropriation (b)	-	95,926	-	95,926
Departmental appropriation (c)	340,692	-	330,761	330,761
s74 Retained revenue receipts (d)	2,044	-	2,147	2,147
Total	342,736	95,926	332,908	428,834
Administered expenses				
Outcome 1 - Assetless				
Administration fund	3,571	-	3,580	3,580
Ordinary annual services	4,320	-	3,214	3,214
Total	7,891	-	6,794	6,794
Total ordinary annual services	350,627	95,926	339,702	435,628
Other services				
Departmental non-operating				
Equity injections (e)	11,978	-	1,793	1,793
Total other services	11,978	-	1,793	1,793
Total available annual appropriations (A+B)	362,605	95,926	341,495	437,421
Special appropriations				
<i>Banking Act 1959</i>	96,917	-	65,670	65,670
<i>Life Insurance Act 1995</i>	10,721	-	6,438	6,438
Total special appropriations	107,638	-	72,108	72,108
Total appropriations excluding special accounts (A+B+C)	470,243	95,926	413,603	509,529

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	<i>Actual Available Appropriation 2014-15 \$'000</i>	<i>Estimate of prior year amounts available in 2015-16 \$'000</i>	<i>Proposed at 2015-16 Budget \$'000</i>	<i>Total 2015-16 estimate \$'000</i>
Special accounts				
Opening balance (f)	-	51,900	-	51,900
Appropriation receipts	27,000	-	26,973	26,973
Non-appropriation receipts to special accounts	1,000	-	1,000	-
Total special account	28,000	51,900	79,900	79,873
Total resourcing (A+B+C+D)	498,243	147,826	493,503	589,402
Less receipts from other sources and credited to special accounts	27,000	-	26,973	26,973
Total net resourcing for ASIC	471,243	147,826	466,530	562,429

(a) Appropriation Bill (No.1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$19.1m in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Appropriation Bill (No.2) 2015-16.

(f) Estimated opening balance for special accounts (less 'Special Public Money' held in accounts Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies like accounts (SOG), or Services for Other Entities and Trust Moneys accounts (SOETM)). For further information on special accounts see Table 3.1.2.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

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

Table 1.2: Entity 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures						
Australian Securities and Investments Commission – Competition for Market Services – continuation	1.1					
Departmental expenses		-	3,168	3,142	3,169	3,200
Growing Jobs and Small Business – crowd-sourced equity funding for public companies	1.1					
Departmental expenses		-	1,243	1,782	1,749	1,643
Growing Jobs and Small Business – streamlining business registration	1.1					
Departmental expenses (a)		-	31	1,628	-	-
Reversal of Banking and Life Insurance unclaimed provisions	1.2					
Administered expenses		-	(78,886)	(82,954)	(86,104)	(89,150)
Smaller Government - Australian Securities and Investments Commission Registry Function - commercialisation	1.1					
Departmental expenses		-	1,000	-	-	-
Total expense measures		-	(73,444)	(76,402)	(81,186)	(84,307)

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Related capital						
Growing Jobs and Small Business – crowd-sourced equity funding for public companies						
Departmental capital	1.1	-	1,352	-	-	-
Growing Jobs and Small Business – streamlining business registration						
Departmental capital (a)	1.1	-	4,504	550	-	-
Total related capital		-	5,856	550	-	-
Revenue measures						
Reversal of Banking and Life Insurance unclaimed provisions						
Administered revenues	1.2	-	(119,237)	(122,218)	(125,273)	(128,405)
Australian Securities and Investments Commission – Competition for Market Services – continuation						
Administered revenues	1.1	-	3,168	3,142	3,169	3,200
Total revenue measures		-	(116,069)	(119,076)	(122,104)	(125,205)

(a) This amount has not been appropriated and is awaiting 2nd pass business case clearance and is not included in the agency's financial estimates.

Prepared on a Government Financial Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of ASIC in achieving government outcomes.

Outcome 1: To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.

Outcome 1 strategy

The strategy under Outcome 1 focuses on:

- investor and financial consumer trust and confidence, through education, holding gatekeepers to account, and understanding and responding to consumer behaviour;
- fair, orderly and transparent markets through ASIC's role in market supervision, surveillance of market conduct and corporate governance; and
- efficient and accessible registration with a focus on small business and deregulation.

Outcome expense statement

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

Table 2.1: Budgeted expense for Outcome 1

Outcome 1: To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Australian Securities and Investments Commission		
Departmental expenses		
Departmental appropriation	321,255	310,523
Expenses not requiring appropriation in the budget year	44,596	39,071
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,828	6,095
Expenses not requiring appropriation in the budget year	45,034	45,542
Total for Programme 1.1	416,713	401,231
Programme 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts		
Administered expenses		
Companies unclaimed monies - section 77 of the PGPA ACT	27,267	27,949
Ordinary annual services (Appropriation Bill No. 1)	654	699
Administered expenses		
Special appropriations		
<i>Banking Act 1959 - Banking Unclaimed Moneys</i>	70,061	8,472
<i>Life Insurance Act 1995 - Life Unclaimed Moneys</i>	6,091	937
Total for special appropriations	104,073	38,057
Total for Programme 1.2	104,073	38,057
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	321,255	310,523
Expenses not requiring appropriation in the budget year	44,596	39,071
Administered expenses		
Companies unclaimed monies - section 77 of the PGPA ACT	27,267	27,949
Ordinary annual services (Appropriation Bill No. 1)	654	699
Special appropriations	76,152	9,409
Ordinary annual services (Appropriation Bill No. 1)	5,828	6,095
Expenses not requiring appropriation in Budget year	45,034	45,542
Total expenses for Outcome 1	520,786	439,288
	2014-15	2015-16
Average staffing level (number)	1,573	1,569

Contributions to Outcome 1

Programme 1.1: Australian Securities and Investments Commission

Programme objective

Programme 1.1 contributes to Outcome 1 by improving industry behaviour through ASIC's detect, understand and respond approach where investor and financial consumer trust and confidence and fair, orderly and transparent markets are most at risk. ASIC:

- detects misconduct or the risk of misconduct through surveillance, breach reporting, reports from whistleblowers and the public, data gathering and matching;
- understands and analyses the intelligence it receives; and
- responds to misconduct or the risk of misconduct through education, disrupting harmful behaviour, enforcement, communicating the actions we take, engagement with industry and stakeholders, guidance and policy advice.

This programme also seeks to improve ASIC’s registry services by developing initiatives for business and consumer stakeholders to simplify and reduce the cost of interactions with ASIC.

Programme expenses

ASIC’s budgeted expenditure reduced from the 2014-15 year due to the termination of a number of measures and other savings initiatives.

Table 2.2: Programme 1.1 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses					
Departmental items	321,255	310,523	306,686	308,650	311,019
Expenses not requiring appropriation	44,596	39,071	32,107	26,176	20,651
Annual administered expenses					
Ordinary annual services	5,828	6,095	4,176	4,247	4,276
Expenses not requiring appropriation	45,034	45,542	46,056	46,576	47,103
Total Programme expenses	416,713	401,231	389,025	385,649	383,049

Programme 1.1 deliverables

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement, policy advice, and communicating the actions we take.

Programme deliverables are focused under each strategic priority.

Promoting investor and financial consumer trust and confidence

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification, and improve financial literacy levels so investors and financial consumers are empowered with trust and confidence in the financial system;

- hold people with a trusted role in the financial system (gatekeepers such as advisers, custodians, and product manufacturers and distributors) to account if they are not meeting their obligations;
- supervise and hold accountable those in the financial services sector where misconduct is detected; and
- recognise and understand how and why investors and financial consumers make financial decisions, and respond using this understanding.

Ensuring fair, orderly and transparent markets

Deliverables focus on:

- supervising equities and derivatives markets for instances of market misconduct;
- supervising market operators for compliance with statutory obligations;
- promoting good corporate governance; and
- holding people with a trusted role in the financial system (gatekeepers such as auditors, directors, market operators and participants) to account if they are not meeting their obligations.

Providing efficient and accessible registration

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate registers;
- improve public access to information about registered and licensed entities;
- reduce costs and red tape for business by making it easier to transact with ASIC; and
- administer the law to enhance commercial certainty and reduce business costs.

Programme 1.1 key performance indicators

ASIC measures performance by considering how effective it is in delivering against a range of more detailed outcomes under each strategic priority. Measures incorporate both internal regulatory activity and stakeholder feedback. In 2015-16, they will be supported by additional measures to be outlined in ASIC's Corporate Plan, and through ASIC's compliance with the Regulator Performance Framework.

Promoting investor and financial consumer trust and confidence

- investors and financial consumers have trust and confidence to participate, and when participating, in the financial system;
- product issuers, credit providers and advisers meet required standards;
- fair and efficient processes are in place for resolution of disputes; and
- misconduct is dealt with and deterred.

Ensuring fair, orderly and transparent markets

- participants in financial markets meet required standards;
- issuers and their officers meet required standards;
- financial markets are fair, orderly and transparent; and
- misconduct is dealt with and deterred.

Providing efficient and accessible registration

- registration is efficient, accurate and cost effective for business;
- business complies with ongoing registration obligations;
- the public has easy access to information in ASIC registers; and
- misconduct is dealt with and deterred.

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

Programme objective

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

Programme expenses

From 1 January 2016, unclaimed monies from banking and deposit taking institutions and life insurance institutions will be transferred to ASIC after a period of 7 years of inactivity on accounts. Previously the period of inactivity before transfer was 3 years. This will significantly reduce the claims required to be refunded across the forward years.

Table 2.3: Programme 1.2 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Special appropriations	76,152	9,409	7,200	6,079	1,705
Ordinary annual services	654	699	773	837	902
section 77 of the PGPA ACT	27,267	27,949	28,647	28,864	29,085
Total Programme expenses	104,073	38,057	36,620	35,780	31,692

Programme 1.2 deliverables

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

Programme 1.2 key performance indicators

ASIC has the following key performance indicators:

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of ASIC finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	1,546 1,546	1,000 1,000	- -	1,000 1,000	1,546 1,546
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special						
Account (D)	1	11 11	- -	- -	- -	11 11
ASIC Security Deposits						
Special Account (D)	1	445 445	- -	- -	- -	445 445
Enforcement Special Account (D)	1	51,900 51,900	- -	26,973 -	26,973 -	51,900 51,900
Total special accounts						
2015-16 Budget estimate		53,902	1,000	26,973	27,973	53,902
<i>Total special accounts</i>						
<i>2014-15 estimated actual</i>		<i>53,902</i>	<i>1,000</i>	<i>-</i>	<i>1,000</i>	<i>53,902</i>

(A) = Administered.

(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	<i>Approp Bill No. 1 \$'000</i>	<i>Approp Bill No. 2 \$'000</i>	<i>Special approp \$'000</i>	<i>Total approp \$'000</i>	<i>Other \$'000</i>	<i>Total \$'000</i>	<i>Programme</i>
Australian Securities and Investments Commission							
Departmental 2015-16	837	-	-	837	-	837	1.1
<i>Departmental 2014-15</i>	<i>583</i>	-	-	<i>583</i>	-	<i>583</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in Entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2015-16 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 2015-16 is \$84.4 million.

The 2015-16 equity position reflects the cumulative effect of capital injections of \$20.9 million received during 2015-16.

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).

Taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, *National Consumer Credit Protection (Fees) Regulation 2010*, *Business Names Registration (Fees) Regulation 2012* and *Superannuation, and Industry (Supervision) Act 1993*.

Other non-taxation revenue represents the 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 2015-16 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 2015-16 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.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	213,390	212,187	213,776	214,211	215,986
Supplier	107,365	97,836	92,410	93,939	94,529
Finance costs	500	500	500	500	504
Depreciation and amortisation	44,596	39,071	32,107	26,176	20,651
Total expenses	365,851	349,594	338,793	334,826	331,670
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	1,204	1,282	3,487	3,487	3,487
Other revenue	840	865	865	865	865
Total revenue	2,044	2,147	4,352	4,352	4,352
Gains					
Other	172	172	172	180	180
Total gains	172	172	172	180	180
Total own-source income	2,216	2,319	4,524	4,532	4,532
Net cost of (contribution by) services	363,635	347,275	334,269	330,294	327,138
Appropriation revenue	322,465	311,630	305,588	307,544	309,913
Surplus (deficit) attributable to the Australian Government	(41,170)	(35,645)	(28,681)	(22,750)	(17,225)
Note: Impact of net cash appropriation arrangements					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(41,170)	(35,645)	(28,681)	(22,750)	(17,225)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(41,170)	(35,645)	(28,681)	(22,750)	(17,225)

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and equivalents	15,129	15,129	15,129	15,129	15,129
Trade and other receivables	102,655	102,753	101,588	98,846	98,846
Total financial assets	117,784	117,882	116,717	113,975	113,975
Non-financial assets					
Land and buildings	36,290	27,920	24,923	31,898	39,986
Infrastructure, plant and equipment	24,912	24,734	25,893	28,192	30,404
Intangibles	84,995	77,602	71,122	58,162	51,252
Other	17,649	17,750	17,750	17,750	17,750
Total non-financial assets	163,846	148,006	139,688	136,002	139,392
Total assets	281,630	265,888	256,405	249,977	253,367
LIABILITIES					
Provisions					
Employees	80,259	82,938	82,938	82,938	82,938
Other	8,465	8,465	8,465	8,465	8,465
Total provisions	88,724	91,403	91,403	91,403	91,403
Payables					
Suppliers	12,495	12,585	11,637	9,611	9,611
Other	79,979	76,189	72,193	66,162	62,232
Total payables	92,474	88,774	83,830	75,773	71,843
Total liabilities	181,198	180,177	175,233	167,176	163,246
Net assets	100,432	85,711	81,172	82,801	90,121
EQUITY					
Contributed equity	289,874	310,798	334,940	359,319	383,864
Reserves	6,366	6,366	6,366	6,366	6,366
Retained surpluses or accumulated deficits	(195,808)	(231,453)	(260,134)	(282,884)	(300,109)
Total equity	100,432	85,711	81,172	82,801	90,121

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015	(195,808)	6,366	-	289,874	100,432
Balance carried forward from previous period					
Adjusted opening balance	(195,808)	6,366	-	289,874	100,432
Comprehensive income					
Surplus (deficit) for the period	(35,645)	-	-	-	(35,645)
Total comprehensive income recognised directly in equity	(35,645)	-	-	-	(35,645)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	1,793	1,793
Departmental Capital Budget (DCB)	-	-	-	19,131	19,131
Total transactions with owners	-	-	-	20,924	20,924
Estimated closing balance as at 30 June 2016	(231,453)	6,366	-	310,798	85,711
Closing balance attributable to the Australian Government	(231,453)	6,366	-	310,798	85,711

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,204	1,282	3,487	3,487	3,487
Appropriations	322,252	311,532	306,753	310,286	309,913
GST received	13,941	12,501	12,188	13,972	12,577
Other	840	865	865	865	865
Total cash received	338,237	326,180	323,293	328,610	326,842
Cash used					
Employees	213,148	209,508	213,776	214,211	215,986
Suppliers	110,160	101,296	97,329	99,927	95,357
GST Paid	13,941	12,500	12,188	13,972	12,577
Cash used other	250	670	353	2,389	3,426
Total cash used	337,499	323,974	323,646	330,499	327,346
Net cash from or (used by) operating activities	738	2,206	(353)	(1,889)	(504)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	27,931	23,130	23,789	22,490	24,041
Total cash used	27,931	23,130	23,789	22,490	24,041
Net cash from or (used by) investing activities	(27,931)	(23,130)	(23,789)	(22,490)	(24,041)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	27,193	20,924	24,142	24,379	24,545
Total cash received	27,193	20,924	24,142	24,379	24,545
Net cash from or (used by) financing activities	27,193	20,924	24,142	24,379	24,545
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	15,129	15,129	15,129	15,129	15,129
Cash at the end of the reporting period	15,129	15,129	15,129	15,129	15,129

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	15,215	19,131	24,142	24,379	24,545
Equity injections - Bill 2	11,978	1,793	-	-	-
Total new capital appropriations	27,193	20,924	24,142	24,379	24,545
Provided for:					
Purchase of non-financial assets	26,943	20,254	23,789	22,490	24,041
Total Items	26,943	20,254	23,789	22,490	24,041
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	12,966	4,669	-	-	-
Funded by capital appropriation - DCB (b)	14,965	18,461	23,789	22,490	24,041
TOTAL	27,931	23,130	23,789	22,490	24,041
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	27,931	23,130	23,789	22,490	24,041
Total cash used to acquire assets	27,931	23,130	23,789	22,490	24,041

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

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

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	84,522	65,366	264,768	414,656
Accumulated depreciation/amortisation and impairment	(48,232)	(40,454)	(179,773)	(268,459)
Opening net book balance	36,290	24,912	84,995	146,197
Capital asset additions				
By purchase - appropriation ordinary annual services (a)	924	2,760	19,446	23,130
Total asset additions	924	2,760	19,446	23,130
Other movements				
Depreciation/amortisation expense	(9,294)	(2,938)	(26,839)	(39,071)
Total other movements	(9,294)	(2,938)	(26,839)	(39,071)
As at 30 June 2016				
Gross book value	85,446	68,126	284,214	437,786
Accumulated depreciation/amortisation and impairment	(57,526)	(43,392)	(206,612)	(307,530)
Closing net book balance	27,920	24,734	77,602	130,256

(a) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Grants	3,571	3,580	3,598	3,660	3,685
Write down and impairment of assets	45,034	45,542	46,056	46,576	47,103
Interest expense	4,086	3,849	3,493	3,372	1,406
Supply of goods and services expense	2,257	2,515	578	587	591
Other	99,957	34,208	33,127	32,408	30,286
Total expenses administered on behalf of government	154,905	89,694	86,852	86,603	83,071
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Other taxation revenue	816,242	834,230	842,120	860,126	878,880
Total taxation revenue	816,242	834,230	842,120	860,126	878,880
Non-taxation revenue					
Other sources of non-taxation revenues	157,271	41,966	43,015	44,091	45,193
Total non-taxation revenue	157,271	41,966	43,015	44,091	45,193
Total own-source revenue administered on behalf of Government on behalf of government	973,513	876,196	885,135	904,217	924,073
Total own-sourced income administered on behalf of Government	973,513	876,196	885,135	904,217	924,073
Net Cost of (contribution by) services	(818,608)	(786,502)	(798,283)	(817,614)	(841,002)
Total comprehensive income/(loss)	818,608	786,502	798,283	817,614	841,002

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	3,876	3,876	3,876	3,876	3,876
Receivables	120,374	121,772	123,008	124,522	126,827
Total assets administered on behalf of government	124,250	125,648	126,884	128,398	130,703
LIABILITIES					
Payables					
Suppliers	20,837	20,837	20,837	20,837	20,837
Other payables	397,926	335,228	307,846	289,375	270,994
Total liabilities administered on behalf of government	418,763	356,065	328,683	310,212	291,831
Net assets/(liabilities)	(294,513)	(230,417)	(201,799)	(181,814)	(161,128)

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	325	328	331	331	-
Other	914,539	829,254	837,843	856,126	876,708
Total cash received	914,864	829,582	838,174	856,457	876,708
Cash used					
Grants	3,571	3,580	3,598	3,660	3,721
Other	137,786	103,270	64,580	54,836	50,667
Net GST paid	325	328	331	331	-
Total cash used	141,682	107,178	68,509	58,827	54,388
Net cash from or (used by) operating activities	773,182	722,404	769,665	797,630	822,320
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	151,357	116,850	78,178	68,496	64,388
Total cash received	151,357	116,850	78,178	68,496	64,388
Cash used					
Cash to Official Public Account	924,539	839,254	847,843	866,126	886,708
Total cash used	924,539	839,254	847,843	866,126	886,708
Net cash from or (used by) financing activities	(773,182)	(722,404)	(769,665)	(797,630)	(822,320)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	3,876	3,876	3,876	3,876	3,876
Cash at end of reporting period	3,876	3,876	3,876	3,876	3,876

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Budgeted entity financial statements

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

Departmental items are those assets, liabilities, revenues and expenses in relation to an ASIC or authority that are controlled by ASIC. Departmental expenses include

employee and supplier expenses and other administrative costs which are incurred by ASIC in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by ASIC or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include fees, fines and expenses that have been earmarked for a specific purpose by the Australian Government.

Appropriations in the accrual budgeting framework

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

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

Departmental

Asset valuation

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

Asset recognition threshold

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

Leases

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

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

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

Depreciation and amortisation

Computer equipment and plant and equipment is depreciated using the straight-line method. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised receivables.

Receivables

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

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

Provisions and payables

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

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Taxation revenue is generated from fees and fines under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, *National Consumer Credit Protection (Fees) Regulation 2010*, *Business Names Registration (Fees) Regulation 2012* and *Superannuation, and Industry (Supervision) Act 1993*.

Other non-taxation revenue are collections of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

Write-down and impairment of assets

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

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

The financial assets include *Corporations Act 2001* debt invoiced and still outstanding at year-end.

Schedule of budgeted administered cash flows

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies, *Life Insurance Act 1995* unclaimed monies and *Corporations Act 2001* unclaimed monies is transferred to the OPA when received.

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AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Taxation Office (ATO) is to effectively manage and shape the Commonwealth tax and superannuation systems that support and fund services for Australians, including ensuring the community has confidence in the administration of these systems.

The tax and superannuation systems are part of Australia's social and economic infrastructure. A major part of the ATO's administration of these systems is emphasising to the community the importance of willing and proper participation, in underpinning nation building. While the ATO will continue with its major responsibilities, the way it conducts its business will change significantly with a focus on new products and services and embedding a culture that is service oriented, pragmatic and conscious that time has a cost. The ATO's vision is to be a leading tax and superannuation administration, known for its contemporary service, expertise and integrity.

In seeking to achieve this vision, the ATO has four main goals:

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

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

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

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

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at Budget 2015-16 \$'000	Total estimate 2015-16 \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)		421,616		421,616
Departmental appropriation (c)	3,357,606	-	3,258,560	3,258,560
s74 Retained revenue receipts (d)	86,300	-	133,133	133,133
Total	3,443,906	421,616	3,391,693	3,813,309
Administered expenses				
Outcome 1 (a)	284	-	611	611
Total	284	-	611	611
Total ordinary annual services [A]	3,444,190	421,616	3,392,304	3,813,920
Other services				
Departmental non-operating				
Equity injections (e)	21,644	8,268	68,461	76,729
Total other services [B]	21,644	8,268	68,461	76,729
[A+B]	3,465,834	429,884	3,460,765	3,890,649

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)

	Actual Available Appropriation 2014-15 \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at Budget 2015-16 \$'000	Total estimate 2015-16 \$'000
Special appropriations				
<i>Public Governance, Performance and Accountability Act 2013 - s77 (f)</i>	102,000	-	100,000	100,000
<i>Product Grants and Benefits Administration Act 2000 -</i>				
Cleaner fuel grants	181,750	-	-	-
Product stewardship for oil	53,000	-	62,000	62,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	468,000	-	481,000	481,000
Taxation Administration Act 1953 - section 16 (Non-refund items) (g)	10,512,767	-	10,734,404	10,734,404
Total special appropriations [C]	11,317,517	-	11,377,404	11,377,404
accounts	14,783,351	429,884	14,838,169	15,268,053
Special accounts				
Opening balance (h)	114,089	114,087	-	114,087
Appropriation receipts	70,886	-	75,512	75,512
Appropriation receipts - other entities				
Non-appropriation receipts to Special Accounts	1,787,202	-	3,032,000	3,032,000
Total special accounts [D]	1,972,177	114,087	3,107,512	3,221,599
Total resourcing [A+B+C+D]	16,755,528	543,971	17,945,681	18,489,652
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	75,512	75,512
Total net resourcing for the ATO	16,755,528	543,971	17,870,169	18,414,140

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$109.6m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

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

(e) Appropriation Bill (No. 2) 2015-16.

(f) Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

(g) These figures relate to administered expenses including fuel tax credits, research and development tax incentives, and interest on overpayment and early payment of tax. Estimate tax refunds items for 2014-15 are \$94.5 billion (including \$175 million paid by the Australian Customs and Border Protection Service (ACBPS) on the ATO's behalf) and \$98.9 billion for 2015-16 (including \$190 million paid by the ACBPS on the ATO's behalf).

(h) Estimated opening balance for special accounts. For further information on special accounts, see Table 3.1.1.

Third party payments from and on behalf of other entities

	2014-15 \$'000	2015-16 \$'000
Receipts received from other entities for the provision of services		
(disclosed above in s74 Retained revenue receipts section above)		
Attorney General's Department	113	-
Australian Crime Commission	112	6
Australian Federal Police	394	323
Australian Securities and Investments Commission	11	-
Australian Transaction Reports and Analysis Centre	584	424
Department of Human Services	5,281	3,869
Department of Finance	15	-
Department of Foreign Affairs	1,570	1,500
Department of Immigration and Citizenship	2	2
Department of Infrastructure and Regional Development	338	778
Department of Social Services	598	602
Department of Treasury	34	-
Reserve Bank of Australia	64,401	111,312
Total s74 relevant agency receipts received for the provision of services	73,453	118,816
Payments made to other entities for the provision of services		
Attorney General's Department	-	10
Australian Crime Commission	600	-
Australian Federal Police	1,479	-
Australian Financial Security Authority	478	478
Australian Government Solicitor	13,334	13,949
Australian Postal Corporation	80,223	91,828
Australian Prudential Regulation Authority	230	230
Australian Public Service Commission	1,391	1,356
Australian Securities and Investments Commission	1,262	1,202
Comcare	4,740	4,500
Commonwealth Director of Public Prosecutions	4,686	3,500
Comsuper	4,524	4,286
Crimtrac Agency	162	162
Department of Communications	-	33,650
Department of Defence	196	196
Department of Finance	12,879	11,772
Department of Foreign Affairs	4	-
Department of Human Services	7,097	6,482
Department of Industry and Science	785	947
Department of Immigration and Border Protection	55,886	55,233
Department of Parliamentary Services	7	-
Total payments made to other entities for the provision of services	189,963	229,781
Payments made to corporate entities within the Portfolio		
Reserve Bank of Australia		
Departmental annual appropriation	73,773	121,527

1.3 BUDGET MEASURES

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

Table 1.2: Australian Taxation Office 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures						
<i>Departmental expenses</i>						
Combating multinational tax avoidance - new transfer pricing documentation standards						
	1.1	-	911	3,313	1,465	1,215
Cutting Red Tape - lost and unclaimed superannuation						
	1.1	-	-	-	-	-
Digital Transformation Agenda - Stage One and establishment of the Digital Transformation Office						
	1.1	-	13,761	3,066	3,091	1,952
Growing Jobs and Small Business - streamlining business registration						
	1.1	339	8,359	4,556	113	-
GST						
- applying to digital products and services imported by consumers						
	1.1	-	-	699	127	63
- compliance programme - three year extension						
	1.1	-	-	92,568	88,303	84,634
Higher Education Loan Programme - recovery of repayments from overseas debtors						
	1.1	-	455	416	154	155
Norfolk Island Reform						
	1.1	-	1,366	1,253	665	214
Operation Accordion - extension						
	1.1	-	-	-	-	-
Operation Manitou						
	1.1	-	-	-	-	-
Operation Okra - continued support						
	1.1	-	-	-	-	-
Personal income tax - changes to tax residency rules for temporary working holiday makers						
	1.1	-	777	1,845	1,771	156
Reducing Red Tape - reforms to the Australian Taxation Office						
	1.1	-	19,927	2,481	(17,818)	(49,016)
Serious Financial Crime taskforce - addressing financial and tax fraud						
	1.1	-	29,483	32,208	32,697	33,173
Strengthening Australia's foreign investment framework						
	1.1	-	11,832	9,561	8,164	7,562

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<i>Administered expenses</i>						
Higher Education Loan Programme - recovery of repayments from overseas debtors		-	230	-	-	-
Reducing Red Tape - reforms to the Australian Taxation Office	1.1	-	350	5,024	3,501	101
Total expense measures						
Administered		-	580	5,024	3,501	101
Departmental		339	86,871	151,966	118,732	80,108
Total		339	87,451	156,990	122,233	80,209
Capital measures						
Combating multinational tax avoidance - new transfer pricing documentation standards	1.1	-	-	4,438	-	-
Digital Transformation Agenda - Stage One and establishment of the Digital Transformation Office	1.1	-	14,776	-	-	-
Growing Jobs and Small Business - streamlining business registration	1.1	482	5,450	390	-	-
GST - applying to digital products and services imported by consumers	1.1	-	-	801	-	-
Higher Education Loan Programme - recovery of repayments from overseas debtors	1.1	-	-	909	-	-
Norfolk Island Reform	1.1	-	942	-	-	-
Personal income tax - changes to tax residency rules for temporary working holiday makers	1.1	-	524	-	-	-
Reducing Red Tape - reforms to the Australian Taxation Office	1.1	-	18,763	5,851	5,351	5,465
Strengthening Australia's foreign investment framework	1.1	-	9,234	1,131	-	-
Total capital measures						
Departmental		482	49,689	13,520	5,351	5,465

Prepared on a Government Finance Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 strategy

The ATO seeks to deliver its outcome by focusing on achieving the tax compliance outcomes of collecting the right revenues, improving taxpayers' voluntary compliance and administering the tax system with integrity and confidence.

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

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

The ATO provides support to the Tax Practitioners Board, the Australian Business Register and the Australian Charities and Not-for-profits Commission. It also manages and contributes to a number of whole-of-government initiatives that deliver a range of services.

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

Outcome expense statement

Table 2.1: Budgeted expenses and resources for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Programme 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	284	611
Departmental expenses		
Departmental appropriation (a)	3,116,627	3,098,227
Expenses not requiring appropriation in the Budget year (b)	116,526	166,162
Total for Programme 1.1	3,233,437	3,265,000
Programme 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	15,344	15,093
Total for Programme 1.2	15,344	15,093
Programme 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	151,040	147,724
Total for Programme 1.3	151,040	147,724
Programme 1.4: Australian Valuation Office Commission		
Departmental expenses		
Special accounts	-	-
Total for Programme 1.4	-	-
Programme 1.5: Australian Charities and Not-for-profits Commission		
Departmental expenses		
Special accounts	14,986	14,812
Total for Programme 1.5	14,986	14,812
Programme 1.6: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	235,000	388,000
Total for Programme 1.6	235,000	388,000
Programme 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	181,750	-
Total for Programme 1.7	181,750	-

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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Programme 1.8: Conversation Tillage Refundable Tax Offset		
Administered expenses		
Special appropriations	-	-
Total for Programme 1.8	-	-
Programme 1.9: Exploration Development Incentive		
Administered expenses		
Special appropriations	25,000	35,000
Total for Programme 1.9	25,000	35,000
Programme 1.10: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	6,141,800	6,229,500
Total for Programme 1.10	6,141,800	6,229,500
Programme 1.11: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	160,527	202,004
Total for Programme 1.11	160,527	202,004
Programme 1.12: Product Stewardship for Oil		
Administered expenses		
Special appropriations	53,000	62,000
Total for Programme 1.12	53,000	62,000
Programme 1.13: Research and Development Tax Incentive		
Administered expenses		
Special appropriations	2,425,000	2,374,000
Total for Programme 1.13	2,425,000	2,374,000
Programme 1.14: Seafarer Tax Offset		
Administered expenses		
Special appropriations	4,000	-
Total for Programme 1.14	4,000	-
Programme 1.15: Baby Bonus Tax Offsets		
Administered expenses		
Special appropriations	2,000	-
Total for Programme 1.15	2,000	-
Programme 1.16: Education Tax Refund		
Administered expenses		
Special appropriations	1,880	-
Total for Programme 1.16	1,880	-
Programme 1.17: First Home Saver Accounts		
Administered expenses		
Special appropriations	2,460	-
Subtotal for Programme 1.17	2,460	-

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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Programme 1.18: Low Income Earner Superannuation Contribution		
Administered expenses		
Special appropriations	772,700	742,400
Total for Programme 1.18	772,700	742,400
Programme 1.19: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	226,000	214,000
Total for Programme 1.19	226,000	214,000
Programme 1.20: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	167,000	169,000
Total for Programme 1.20	167,000	169,000
Programme 1.21: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	468,000	481,000
Total for Programme 1.21	468,000	481,000
Programme 1.22 Targeted Assistance Through the Taxation system		
Administered expenses		
Special appropriations	9,400	30,500
Total for Programme 1.22	9,400	30,500
Programme 1.23: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	340,000	350,000
Total for Programme 1.23	340,000	350,000
Programme 1.24: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	7,416,996	7,805,110
Total for Programme 1.24	7,416,996	7,805,110

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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	284	611
Special appropriations	11,215,517	11,277,404
Expenses not requiring appropriation in budget year	7,416,996	7,805,110
Departmental expenses		
Departmental appropriation (a)	3,283,011	3,261,044
Special accounts	14,986	14,812
Expenses not requiring appropriation in the Budget year (b)	116,526	166,162
Total expenses for Outcome 1	22,047,320	22,525,143
	2014-15	2015-16
Average staffing level (number)	18,439	18,482

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood 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.

Contributions to Outcome 1

Programme 1.1: Australian Taxation Office

Programme objective

The ATO's objective is to administer aspects of Australia's tax and superannuation systems by:

- making it as easy as possible for taxpayers to participate;
- ensuring effective strategies are in place to deal with non-compliance;
- ensuring that multinational enterprises pay the correct tax on their economic activity in Australia;
- working in collaboration with other agencies, jurisdictions and international authorities; and
- developing and supporting the capability of its people and of others in the system.

Linked to:

- Department of Human Services: Programme 1.1 Services to the Community – Social Security and Welfare.

Programme expenses

Estimates for the forward years reflect the impact of increase efficiency dividends and government policy initiatives.

Table 2.3: Programme 1.1 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Administered item	284	611	5,055	3,501	101
Annual departmental expenses:					
Departmental item	3,116,627	3,098,227	3,056,105	2,944,438	2,863,541
Expenses not requiring appropriation in the Budget year (a)	116,526	166,162	164,117	149,564	160,923
Total programme expenses	3,233,437	3,265,000	3,225,277	3,097,503	3,024,565

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

Programme 1.1 deliverables

The ATO has the following programme deliverables:

- number of matters that have been consulted on;
- number of customer service interactions;
- number of registrations processed;
- number of taxpayers who meet their lodgement obligations;
- number of returns, statements and forms processed;
- number of interpretive guidance products, objections and rulings provided;
- number of payments processed;
- value of net tax collected;
- number of refunds issued;
- value of refunds paid;
- number of compliance audits, reviews and other checks undertaken;
- value of compliance liabilities raised and collected as a result of compliance audits, reviews and other checks;

- value of debt collected;
- number of disputed cases resolved;
- number of lost and ATO-held superannuation accounts;
- value of lost and ATO-held superannuation accounts; and
- number of international information exchanges.

Programme 1.1 key performance indicators

The ATO has the following programme key performance indicators:

- community satisfaction with ATO performance;
- perceptions of fairness in disputes;
- proportion of draft legislation which is assured before introduction to Parliament;
- proportion of individual tax file number registrations compared to the Australian Bureau of Statistics estimated resident population;
- proportion of company tax file number registrations compared to the Australian Securities and Investments Commission registered population;
- proportion of income tax returns lodged on time;
- proportion of activity statements lodged on time;
- time-cost index for business and superannuation funds to prepare and complete key tax forms;
- adjusted average cost to individual taxpayers of managing their tax affairs;
- proportion of liabilities paid on time by value for each of the major tax revenue types;
- cost to collect net \$100;
- ratio of collectable debt to net tax collections;
- estimated goods and services tax (GST) gap as a proportion of GST revenue;
- adjusted employer superannuation contributions as a proportion of adjusted salary and wages; and

- proportion of self-managed superannuation funds contraventions compared to the total number of self-managed superannuation funds.

Programme 1.2: Tax Practitioners Board

Programme objective

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

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

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

Programme expenses

The reduction in expenses for the forward years reflects the removal of temporary supplementation from Programme 1.1.

Table 2.4: Programme 1.2 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	15,344	15,093	14,299	13,893	13,663
Total programme expenses	15,344	15,093	14,299	13,893	13,663

Programme 1.2 deliverables

The TPB has the following programme deliverables:

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

Programme 1.2 key performance indicators

The TPB has the following programme key performance indicators:

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

Programme 1.3: Australian Business Register

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

The ABR programme encompasses:

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

Programme objective

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

- reducing the administrative cost to business of complying with government regulation;
- influencing government policy development and implementation, through advocating the use of whole-of-government services, technologies and processes to minimise the administrative impact on business; and

- encouraging the adoption of new practices by businesses in their dealings with other businesses to reduce operating costs.

The ABR programme works with government, software developers, the business community and other key stakeholders in facilitating more streamlined online interactions between business and government and ultimately business and business. This will be achieved through increased use of a complete and single source of business information and broader adoption and use of consistent information exchange standards.

Linked to:

- Department of Human Services: Programme 1.1 Services to the Community – Social Security and Welfare

Programme expenses

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

Table 2.5: Programme 1.3 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	151,040	147,724	142,436	139,087	137,196
Total programme expenses	151,040	147,724	142,436	139,087	137,196

Programme 1.3 deliverables

The ABR has the following programme deliverables:

- number of government agencies directly using the ABR as their own;
- number of businesses and government agencies using AUSkey;
- number of businesses accessing and using SBR-enabled software for data exchange;
- number of government agencies implementing and using SBR; and
- number of software developers making SBR-enabled software readily available across a wider range of services.

Programme 1.3 key performance indicators

The ABR has the following programme key performance indicators:

- increased use of the ABR as the national business dataset by government agencies and the community;

- improvement in the quality of key data in the ABR;
- reduction in the unintended administrative costs to business of complying with government regulation; and
- proportion of ABN applicants obtaining a decision online at the point of application.

Programme 1.4: Australian Valuation Office

The Australian Valuation Office (AVO) ceased trading on 30 June 2014. A small number of AVO staff were retained in the 2014-15 financial year to close the AVO's corporate operations. This includes records management, closing AVO's financial records, formally transferring legal and administrative responsibilities and notifying the Government of the closure of the AVO. These activities will be completed by the end of June 2015.

Programme expenses

The estimates reflect the cessation of the programme from 1 July 2014.

Table 2.6: Programme 1.4 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme 1.5: Australian Charities and Not-for-profits Commission

The Australian Charities and Not-for-profits Commission (ACNC) has been set up as a special account with statutory objects:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector;
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the distinct function to determine and register charities, health

promotion institutions, and public benevolent institutions for all Commonwealth purposes and to maintain a free to access public charity register. The Commissioner also provides support and education to the not-for-profit sector, investigates non-compliance with the ACNC Act and implements a ‘report-once, use often’ general reporting framework.

The ACNC complements the ATO’s fundamental role in administering aspects of Australia’s tax and superannuation systems.

Programme objective

The ACNC provides independent determination and registration of charities, health promotion institutions, and public benevolent institutions for all Commonwealth purposes. It operates a public information portal to improve the transparency and accountability of the not-for-profit sector to the public. It also investigates non-compliance with the ACNC Act. All of this is to increase public trust and confidence in the charitable and not-for-profit sector.

The ACNC delivers education, advice and support to the sector to improve its governance and compliance with the ACNC Act. This promotes the sustainability and effectiveness of the not-for-profit sector.

The implementation of a ‘report-once, use-often’ general reporting framework is to reduce red tape and simplify the regulatory framework, in cooperation with other Australian Government agencies and State and Territory Governments, to make it easier for not-for-profits to deliver their services to the community.

Programme expenses

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

Table 2.7: Programme 1.5 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special account expenses:					
ACNC Special Account	14,986	14,812	13,893	13,467	13,227
Total programme expenses	14,986	14,812	13,893	13,467	13,227

Programme 1.5 deliverables

The ACNC has the following programme deliverables:

- number of charitable status determinations made within agreed timeframes;

- maintenance of a free to access public charity register;
- provision of guidance to assist charities to understand and meet their regulatory obligations and to assist the public to understand the work of the charity sector;
- number of investigations into non-compliance with the ACNC Act and actions taken;
- ACNC deregulation target met; and
- analysis of charity information and provision of research reports to the community.

Programme 1.5 key performance indicators

The ACNC has the following programme key performance indicators:

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

Programme 1.6: Australian Screen Production Incentive

Programme objective

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

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

Programme expenses

The estimates show variations across the forward years. This reflects the fluctuation in the number of films that are expected to be certified across these years.

Table 2.8: Programme 1.6 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	235,000	388,000	273,000	247,000	247,000
Total programme expenses	235,000	388,000	273,000	247,000	247,000

Programme 1.6 deliverables

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

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

Programme 1.6 key performance indicators

The ATO has the following programme key performance indicators:

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

Programme 1.7: Cleaner Fuels Grant Scheme

Programme objective

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

Programme expenses

The estimate is for 2014-15. There are no estimates from 2015-16 and the forward years. This reflects the impact of Government initiatives announced in May Budget 2014-15.

Table 2.9: Programme 1.7 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	181,750	-	-	-	-
Total programme expenses	181,750	-	-	-	-

Programme 1.7 deliverables

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

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

Programme 1.7 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.8: Conservation Tillage Refundable Tax Offset

Programme objective

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures Programme, which was established to help farmers and landholders benefit from carbon farming. The Government has abolished the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2014.

Table 2.10: Programme 1.8 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total programme expenses	-	-	-	-	-

Programme 1.8 deliverables

The Conservation Tillage Refundable Tax Offset was abolished from 1 July 2014. There will be no deliverables for the Conservation Tillage Refundable Tax Offset.

Programme 1.8 key performance indicators

The Conservation Tillage Refundable Tax Offset was abolished from 1 July 2014. There will be no key performance indicators for the Conservation Tillage Refundable Tax Offset.

Programme 1.9: Exploration Development Incentive

Programme objective

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

Programme expenses

The estimates reflect the impact of Government initiatives announced in May Budget 2014-15.

Table 2.11: Programme 1.9 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	25,000	35,000	40,000	-	-
Total programme expenses	25,000	35,000	40,000	-	-

Programme 1.9 deliverables

The ATO has the following programme deliverables:

- number of applications made by mining exploration companies; and
- value of exploration expenditure sought to be converted into credits before ATO applies statutory cap on total credits.

Programme 1.9 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.10: Fuel Tax Credits Scheme

Programme objective

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

- business activities in machinery, plant and equipment and heavy vehicles; and
- the domestic generation of electricity by taxpayers not in business.

From 1 July 2014, the collection of the carbon charge through the fuel tax credit scheme ceased, resulting in an increase in fuel tax credit rates for many off-road activities.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.12: Programme 1.10 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	6,141,800	6,229,500	6,460,900	6,678,800	7,044,300
Total programme expenses	6,141,800	6,229,500	6,460,900	6,678,800	7,044,300

Programme 1.10 deliverables

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

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

Programme 1.10 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.11: National Rental Affordability Scheme

Programme objective

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

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

The tax offset is claimed through the tax system.

Linked to:

- Department of Social Services Programme 4.2: Affordable Housing.

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.13: Programme 1.11 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	160,527	202,004	237,292	244,439	248,551
Total programme expenses	160,527	202,004	237,292	244,439	248,551

Programme 1.11 deliverables

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

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

Programme 1.11 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.12: Product Stewardship for Oil Programme

Programme objective

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

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

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

From 1 July 2014 the levy was increased from 5.449 cents per litre (or kilogram for greases) to 8.5 cents per litre.

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

Linked to:

- Department of the Environment Programme 1.6: Management of Hazardous Wastes, Substances and Pollutants

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.14: Programme 1.12 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - product</i>					
stewardship (oil) benefits	53,000	62,000	70,000	74,000	77,000
Total programme expenses	53,000	62,000	70,000	74,000	77,000

Programme 1.12 deliverables

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

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

Programme 1.12 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

Programme 1.13: Research and Development Tax Incentive

Programme objective

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

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

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

Programme expenses

The estimate for 2014-15 has been revised upward to incorporate previous years' under-estimation. Forward year estimates show moderate growth.

Table 2.15: Programme 1.13 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,425,000	2,374,000	2,500,000	2,625,000	2,769,000
Total programme expenses	2,425,000	2,374,000	2,500,000	2,625,000	2,769,000

Programme 1.13 deliverables

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

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

Programme 1.13 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of offsets processed within service standard timeframes.

Programme 1.14: Seafarer Tax Offset

Programme objective

The Seafarer Tax Offset commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible

seafarers. The Government announced that this programme will be abolished from 2015-16.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2015.

Table 2.16: Programme 1.14 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	4,000	-	-	-	-
Total programme expenses	4,000	-	-	-	-

Programme 1.14 deliverables

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

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

Programme 1.14 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.15: Baby Bonus

Programme objective

The objective of the Baby Bonus (first child) tax offset was to provide access to a benefit, in the form of a refundable tax offset, for the economic loss experienced in leaving the workforce to care for a new child and to provide a basic benefit for low income earners caring for a new child.

Programme expenses

This programme ceased on 30 June 2009. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO. The corresponding expenses that have not been recognised before 2013-14 are reflected in 2014-15 estimates.

Table 2.17: Programme 1.15 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,000	-	-	-	-
Total programme expenses	2,000	-	-	-	-

Programme 1.15 deliverables

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

Programme 1.15 key performance indicators

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

Programme 1.16: Education Tax Refund

Programme objective

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

Programme expenses

All expenses have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

Table 2.18: Programme 1.16 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,880	-	-	-	-
Total programme expenses	1,880	-	-	-	-

Programme 1.16 deliverables

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

Programme 1.16 key performance indicators

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

Programme 1.17: First Home Saver Accounts

Programme objective

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

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

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

Programme expenses

The estimate for 2014-15 has been revised upward to incorporate previous years' under-estimation.

Table 2.19: Programme 1.17 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,460	-	-	-	-
Total programme expenses	2,460	-	-	-	-

Programme 1.17 deliverables

The ATO is responsible for the calculation and payment of the government contribution and compliance of first home saver account holders and providers. Successful delivery is demonstrated by the:

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

Programme 1.17 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.18: Low Income Superannuation Contribution

Programme objective

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

The Bill to repeal low income superannuation contributions came into effect on 5 September 2014. Low Income Superannuation Contribution 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 programme, while the ATO administers the programme and provides information and support to individuals and superannuation funds through advice and education services.

Programme expenses

The estimates reflect the programme ceasing on 1 July 2017 and it is showing moderate decline across the forward years.

Table 2.20: Programme 1.18 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	772,700	742,400	718,400	-	-
Total programme expenses	772,700	742,400	718,400	-	-

Programme 1.18 deliverables

The ATO is responsible for administering the Low Income Super Contribution. This involves determining eligibility and the amount of the contribution, making payments to super funds, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and

- value of entitlements determined and paid.

Programme 1.18 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original contributions paid within 60 days.

Programme 1.19: Private Health Insurance Rebate

Programme objective

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

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

Programme expenses

The estimates show moderate growth across the forward years.

Table 2.21: Programme 1.19 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	226,000	214,000	220,000	226,000	236,000
Total programme expenses	226,000	214,000	220,000	226,000	236,000

Programme 1.19 deliverables

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

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

Programme 1.19 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.20: Superannuation Co-contribution Scheme

Programme objective

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

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

Programme expenses

The estimates show minor growth across the forward years.

Table 2.22: Programme 1.20 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	167,000	169,000	172,000	171,000	172,000
Total programme expenses	167,000	169,000	172,000	171,000	172,000

Programme 1.20 deliverables

The ATO is responsible for determining eligibility and the amount of entitlement, making payments, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and
- value of entitlements determined and paid.

Programme 1.20 key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original co-contributions paid within 60 days.

Programme 1.21: Superannuation Guarantee Scheme

Programme objective

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

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

Programme expenses

The forward estimates reflect the impact of Government compliance initiatives announced at MYEFO 2014-15.

Table 2.23: Programme 1.21 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	468,000	481,000	467,700	473,300	463,000
Total programme expenses	468,000	481,000	467,700	473,300	463,000

Programme 1.21 deliverables

To ensure that employers meet their obligations, the ATO checks employer records, investigates employee complaints and referrals in relation to choice of fund and superannuation guarantee contributions. Successful delivery is demonstrated by the:

- number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result;
- number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures;
- number of employers whose records are checked and the number leading to a superannuation liability being raised;
- value of superannuation guarantee charge:
 - raised (including penalties and interest); and
 - penalty remissions.

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

Programme 1.21 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.22: Targeted assistance through the taxation system

Programme objective

Interest on Unclaimed Superannuation Monies

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

From 1 July 2013 onwards, any unclaimed superannuation money payments from the ATO to individuals 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 programme.

Programme expenses

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

Table 2.24: Programme 1.22 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
interest on unclaimed money	9,400	30,500	26,800	9,600	9,300
Total programme expenses	9,400	30,500	26,800	9,600	9,300

Programme 1.22 deliverables

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

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

Programme 1.22 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.23: Interest on Overpayments and Early Payments of Tax

Programme objective

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

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

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

Programme expenses

There are no changes to estimates across the forward years.

Table 2.25: Programme 1.23 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	340,000	350,000	350,000	350,000	350,000
Total programme expenses	340,000	350,000	350,000	350,000	350,000

Programme 1.23 deliverables

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

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

Programme 1.23 key performance indicators

The ATO has the following programme key performance indicator:

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

Programme 1.24: Bad and Doubtful Debts and Remissions

Programme objective

Bad and doubtful debts

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

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

Remissions

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

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

Programme expenses

Bad and doubtful debts are expected to increase to 2017-18 and reduce in 2018-19.

Table 2.26: Programme 1.24 expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Expenses not requiring appropriation in the Budget year (a)	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000
Total programme expenses	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000

Programme 1.24 deliverables

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

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

Programme 1.24 key performance indicators

The ATO has the following programme key performance indicators:

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2015-16. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses, and movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by ATO.

Table 3.1.1: Estimates of special account cash flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Australian Charities and Not-for-profits Commission						
Special Account(D)						
2015-16	1	5,748	14,812	(16,194)	-	4,366
2014-15		5,341	14,986	(14,579)	-	5,748
Excise Security Deposits Account(A)						
2015-16	1	455	-	-	-	455
2014-15		355	100	-	-	455
Services for Other Entities and Trust Moneys Special Account(A)						
2015-16	1	2,596	10,000	(10,000)	-	2,596
2014-15		2,596	10,000	(10,000)	-	2,596
Superannuation Clearing House Special Account(A)						
2015-16	1	11,005	3,022,000	(3,014,000)	-	19,005
2014-15		20,005	1,775,000	(1,784,000)	-	11,005
Superannuation Holding Accounts Special Account(A)						
2015-16	1	94,283	60,700	(14,800)	-	140,183
2014-15		74,583	48,500	(28,800)	-	94,283
Valuation Services Special Account(D)						
2015-16	1	-	-	-	-	-
2014-15		11,209	9,502	(20,711)	-	-
Total special accounts 2015-16 Budget estimate		114,087	3,107,512	(3,054,994)	-	166,605
<i>Total special accounts 2014-15 estimate actual</i>						
		114,089	1,858,088	(1,858,090)	-	114,087

(A) = Administered.

(D) = Departmental.

3.1.2 Australian Government Indigenous expenditure

Table 3.1.2: Australian Government Indigenous expenditure

Outcome	<i>Approp</i>		<i>Special</i>	<i>Total</i>	<i>Other</i>	<i>Total</i>	<i>Programme</i>
	<i>Bill No. 1</i>	<i>Bill No. 2</i>					
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	
Australian Taxation Office							
Outcome 1							
Total outcome 2015-16	8,149	-	-	8,149	-	8,149	1.1
<i>Total outcome 2014-15</i>	<i>10,501</i>	-	-	<i>10,501</i>	-	<i>10,501</i>	<i>1.1</i>

3.2 Budgeted financial statements

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is budgeting for a balanced budget in 2015-16.

This excludes the impact of moving to net cash arrangements for appropriations whereby depreciation and amortisation expenses are not funded by appropriation from 2010-11 onward.

The budgeted departmental income statement also reflects changes arising from budget measures as outlined in Table 2.1.

Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets.

The ATO's liabilities continue to be predominantly employee entitlements.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	2,036,651	1,984,560	1,976,769	1,910,046	1,863,082
Supplier	1,218,196	1,296,846	1,255,514	1,206,389	1,170,095
Depreciation and amortisation	159,676	160,612	158,567	144,014	155,373
Total expenses	3,414,523	3,442,018	3,390,850	3,260,449	3,188,550
LESS:					
OWN-SOURCE INCOME					
Revenue					
Rendering of services	82,798	126,934	135,896	147,630	160,505
Other revenue	5,550	5,550	5,550	5,550	5,550
Total own-source income	88,348	132,484	141,446	153,180	166,055
Net cost of (contribution by) services	3,326,175	3,309,534	3,249,404	3,107,269	3,022,495
Revenue from Government	3,215,199	3,148,922	3,090,837	2,963,255	2,867,122
Total comprehensive income/(loss) attributable to the Australian Government	(110,976)	(160,612)	(158,567)	(144,014)	(155,373)

Note: Impact of Net Cash Appropriation Arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/ (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	48,700	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	159,676	160,612	158,567	144,014	155,373
Total comprehensive income/ (loss) - as per the Statement of Comprehensive Income	(110,976)	(160,612)	(158,567)	(144,014)	(155,373)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	43,268	43,268	43,268	43,268	43,268
Trade and other receivables	422,740	351,786	353,887	350,610	347,986
Total financial assets	466,008	395,054	397,155	393,878	391,254
Non-financial assets					
Buildings - leasehold improvements	214,442	238,071	242,492	258,189	285,037
Plant and equipment	35,134	39,974	44,272	38,913	26,076
Intangibles - computer software	501,643	490,661	459,515	427,467	380,256
Other non-financial assets	82,328	78,121	73,375	69,082	66,258
Total non-financial assets	833,547	846,827	819,654	793,651	757,627
Total assets	1,299,555	1,241,881	1,216,809	1,187,529	1,148,881
LIABILITIES					
Payables					
Suppliers	209,975	207,797	203,909	201,460	200,400
Employees	82,881	11,757	18,327	17,996	18,313
Other payables	2,993	2,962	2,907	2,873	2,858
Total payables	295,849	222,516	225,143	222,329	221,571
Interest bearing liabilities					
Lease incentive received	110,981	99,004	87,175	75,797	64,419
Total interest bearing liabilities	110,981	99,004	87,175	75,797	64,419
Provisions					
Employee provisions	645,872	656,021	662,578	669,200	675,888
Other provisions	8,337	8,337	8,337	8,337	8,337
Total provisions	654,209	664,358	670,915	677,537	684,225
Total liabilities	1,061,039	985,878	983,233	975,663	970,215
Net assets	238,516	256,003	233,576	211,866	178,666
EQUITY*					
Parent entity interest					
Contributed equity	1,140,203	1,318,302	1,454,442	1,576,746	1,698,919
Reserves	101,553	101,553	101,553	101,553	101,553
Retained surplus (accumulated deficit)	(1,003,240)	(1,163,852)	(1,322,419)	(1,466,433)	(1,621,806)
Total parent entity interest	238,516	256,003	233,576	211,866	178,666
Total Equity	238,516	256,003	233,576	211,866	178,666

Prepared on Australian Accounting Standards basis.

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(1,003,240)	101,553	-	1,140,203	238,516
Adjusted opening balance	(1,003,240)	101,553	-	1,140,203	238,516
Comprehensive income					
Surplus/(deficit) for the period	(160,612)	-	-	-	(160,612)
Total comprehensive income	(160,612)	-	-	-	(160,612)
of which:					
Attributable to the Australian Government	(160,612)	-	-	-	(160,612)
Transactions with owners					
Contributions by owners					
Equity Injection - Appropriation	-	-	-	68,461	68,461
Departmental Capital Budget (DCB)	-	-	-	109,638	109,638
Sub-total transactions with owners	-	-	-	178,099	178,099
Estimated closing balance as at 30 June 2016	(1,163,852)	101,553	-	1,318,302	256,003
Closing balance attributable to the Australian Government	(1,163,852)	101,553	-	1,318,302	256,003

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,315,025	3,233,498	3,109,364	2,988,248	2,894,568
Cash from the OPA	226,318	223,970	219,779	217,139	215,996
Rendering of services	86,300	133,133	142,076	155,087	168,530
Net GST received	114,764	111,991	107,232	103,093	100,618
Total cash received	3,742,407	3,702,592	3,578,451	3,463,567	3,379,712
Cash used					
Employees	2,171,001	2,058,237	1,983,469	1,924,559	1,878,823
Suppliers	1,338,272	1,420,385	1,375,203	1,321,869	1,284,893
s74 Retained revenue receipts transferred to OPA	226,318	223,970	219,779	217,139	215,996
Total cash used	3,735,591	3,702,592	3,578,451	3,463,567	3,379,712
Net cash from/(used by) operating activities	6,816	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	48,527	67,217	50,779	51,369	60,575
Purchase of intangibles	109,622	110,882	85,361	70,935	61,598
Total cash used	158,149	178,099	136,140	122,304	122,173
Net cash from/(used by) investing activities	(158,149)	(178,099)	(136,140)	(122,304)	(122,173)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	160,332	178,099	136,140	122,304	122,173
Total cash received	160,332	178,099	136,140	122,304	122,173
Net cash from/(used by) financing activities	160,332	178,099	136,140	122,304	122,173
Net increase/(decrease) in cash held	8,999	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	34,269	43,268	43,268	43,268	43,268
Cash and cash equivalents at the end of the reporting period	43,268	43,268	43,268	43,268	43,268

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	133,795	109,638	109,889	114,999	116,125
Equity injections - Bill 2	21,644	68,461	26,251	7,305	6,048
Total new capital appropriations	155,439	178,099	136,140	122,304	122,173
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	155,052	178,099	136,140	122,304	122,173
<i>Other Items</i>	387	-	-	-	-
Total Items	155,439	178,099	136,140	122,304	122,173
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	23,383	68,461	26,251	7,305	6,048
Funded by capital appropriation - DCB (b)	133,795	109,638	109,889	114,999	116,125
Funded internally from departmental resources (c)	971	-	-	-	-
TOTAL	158,149	178,099	136,140	122,304	122,173

Prepared on Australian Accounting Standards basis.

(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 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);
- donations and contributions;
- gifts;
- internally developed assets;
- s74 Retained revenue receipts;
- proceeds from the sale of assets.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	281,498	82,914	1,189,011	1,553,423
Accumulated depreciation/amortisation and impairment	(67,056)	(47,780)	(687,368)	(802,204)
Opening net book balance	214,442	35,134	501,643	751,219
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	1,033	-	67,428	68,461
services (b)	49,134	17,050	43,454	109,638
Total additions	50,167	17,050	110,882	178,099
Other movements				
Depreciation/amortisation expense	(26,538)	(12,210)	(121,864)	(160,612)
Total other movements	(26,538)	(12,210)	(121,864)	(160,612)
As at 30 June 2016				
Gross book value	331,665	99,964	1,299,893	1,731,522
Accumulated depreciation/amortisation and impairment	(93,594)	(59,990)	(809,232)	(962,816)
Closing net book balance	238,071	39,974	490,661	768,706

(a) "Appropriation equity" refers to equity injections appropriations provided through Appropriation Bill (No.2) 2015-16.

(b) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation expenses, DCBs or other operational expenses.

(c) Net proceeds may be returned to the OPA.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	284	611	5,055	3,501	101
Subsidies	9,226,077	9,290,504	9,581,192	9,869,239	10,385,851
Personal benefits	1,172,040	1,125,400	1,110,400	397,000	408,000
Write-down and impairment of assets	7,416,996	7,805,110	8,255,000	8,914,000	8,263,000
Interest	340,000	350,000	350,000	350,000	350,000
Other expenses	477,400	511,500	494,500	482,900	472,300
Total expenses administered on behalf of Government	18,632,797	19,083,125	19,796,147	20,016,640	19,879,252
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	263,467,118	279,706,566	300,840,205	322,858,595	347,339,110
Indirect tax	82,160,000	86,540,000	91,350,000	96,180,000	101,610,000
Other taxes	885,060	1,031,119	1,103,655	1,158,600	1,189,900
Total taxation revenue	346,512,178	367,277,685	393,293,860	420,197,195	450,139,010
Non-taxation revenue					
Other revenue	362,000	630,500	579,000	369,000	369,000
Total non-taxation revenue	362,000	630,500	579,000	369,000	369,000
Total own-source revenue administered on behalf of Government	346,874,178	367,908,185	393,872,860	420,566,195	450,508,010
Net cost of/(contribution by) services	(328,241,381)	(348,825,060)	(374,076,713)	(400,549,555)	(430,628,758)
Surplus/(deficit)	(328,241,381)	(348,825,060)	(374,076,713)	(400,549,555)	(430,628,758)

Prepared on Australian Accounting Standards basis. Also refer note in section 3.2.4 on recognition of taxation revenue and items recognised as reductions to taxation revenue.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	443,078	443,078	443,078	443,078	443,078
Total financial assets	443,078	443,078	443,078	443,078	443,078
Non-financial assets					
Taxation receivables	18,880,845	20,391,301	21,598,206	22,889,801	25,616,911
Accrued revenues	13,158,642	13,873,642	14,613,642	15,323,642	16,063,642
Total non-financial assets	32,039,487	34,264,943	36,211,848	38,213,443	41,680,553
Total assets administered on behalf of Government	32,482,565	34,708,021	36,654,926	38,656,521	42,123,631
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Subsidies	3,855,768	4,092,099	4,278,387	4,419,534	4,603,146
Personal benefits	1,341,975	1,315,425	1,299,875	588,275	511,575
Other payables	954,003	999,903	1,015,403	1,015,103	1,008,903
Total payables	6,151,746	6,407,427	6,593,665	6,022,912	6,123,624
Provisions					
Taxation refunds provided	1,930,946	1,930,946	1,930,946	1,930,946	1,930,946
Other provisions	887,461	1,240,561	1,478,161	1,453,961	1,420,161
Total provisions	2,818,407	3,171,507	3,409,107	3,384,907	3,351,107
Total liabilities administered on behalf of Government	8,970,153	9,578,934	10,002,772	9,407,819	9,474,731
Net assets/(liabilities)	23,512,412	25,129,087	26,652,154	29,248,702	32,648,900

Prepared on Australian Accounting Standards basis. Also refer note in section 3.2.4 on Recognition of taxation revenue and items recognised as reductions to taxation revenue.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	336,982,000	356,835,000	382,615,000	408,745,000	437,900,000
Other	993,560	1,465,319	1,320,255	906,400	905,500
Total cash received	337,975,560	358,300,319	383,935,255	409,651,400	438,805,500
Cash used					
Subsidies paid	8,842,541	9,054,173	9,394,904	9,728,092	10,202,239
Personal benefits	1,186,560	1,151,950	1,125,950	1,108,600	484,700
Payments to suppliers	284	611	5,055	3,501	101
Interest	370,000	350,000	350,000	350,000	350,000
Other	514,800	535,200	505,700	508,200	539,900
Total cash used	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Net cash from/(used by) operating activities	327,061,375	347,208,385	372,553,646	397,953,007	427,228,560
Net increase/(decrease) in cash held	327,061,375	347,208,385	372,553,646	397,953,007	427,228,560
Cash at beginning of reporting period	443,078	443,078	443,078	443,078	443,078
Cash from Official Public Account for:					
- Appropriations	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Total cash from Official Public Account	10,914,185	11,091,934	11,381,609	11,698,393	11,576,940
Cash to Official Public Account for:					
- Administered receipts	(337,975,560)	(358,300,319)	(383,935,255)	(409,651,400)	(438,805,500)
Total cash to Official Public Account	(337,975,560)	(358,300,319)	(383,935,255)	(409,651,400)	(438,805,500)
Cash at end of reporting period	443,078	443,078	443,078	443,078	443,078

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

Notes to the departmental statements

The departmental financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance guidance for the preparation of financial statements.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Cost of administering goods and services tax

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

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

Notes to the administered statements

The administered financial statements included in Tables 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards and Department of Finance guidance for the preparation of financial statements.

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

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

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

Recognition of taxation revenue

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

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

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

Items recognised as reductions to taxation revenue

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

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

CLEAN ENERGY FINANCE CORPORATION

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CLEAN ENERGY FINANCE CORPORATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Clean Energy Finance Corporation (CEFC) was established to facilitate increased flows of finance into the clean energy sector. The CEFC invests in accordance with its legislation, the *Clean Energy Finance Corporation Act 2012* (CEFC Act) and the *Clean Energy Finance Corporation Investment Mandate Direction 2015* (2015 Investment Mandate), as issued by the Treasurer and the Minister for Finance on 17 February 2015 (revoking and replacing the 2013 Investment Mandate with effect 5 March 2015).

The CEFC is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The CEFC has access to funding of \$10 billion comprising annual appropriations to the CEFC Special Account of \$2 billion every 1 July from 2013 to 2017 inclusive, in accordance with section 46 of the CEFC Act. The CEFC commenced funding investments on 1 July 2013.

The CEFC is governed by an independent Board who have statutory responsibility for decision-making, performance of the Corporation's functions and managing the CEFC's investments, and a Chief Executive Officer who is responsible for the day to day administration of the Corporation. A system of delegations exist to aid in the performance of these functions. The Board reports to Parliament through its responsible Ministers.

The CEFC's investment objectives are to catalyse and leverage an increased flow of funds for the commercialisation and deployment of Australian based renewable energy, energy efficiency and low-emissions technologies.

The CEFC achieves its objectives through the prudent application of capital, in adherence with its risk management framework, the 2015 Investment Mandate and the CEFC investment policies issued by the Board.

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth was before Parliament at the time of writing.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Clean Energy Finance Corporation resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Opening balance/reserves at bank	123,102	29,464	-	29,464
FUNDS FROM OTHER SOURCES				
Interest and fees	47,186	-	44,925	44,925
Total funds from other sources	47,186	-	44,925	44,925
Total net resourcing for CEFC	170,288	29,464	44,925	74,389

All figures are GST exclusive.

The CEFC is not directly appropriated as it is a corporate Commonwealth entity.

The CEFC does not hold the Special Account itself and therefore does not have a balance carried forward from earlier years.

1.3 BUDGET MEASURES

The CEFC does not have any budget measures for 2015-16.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The CEFC's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the CEFC in achieving government outcomes.

Outcome 1: Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders

Outcome 1 strategy

The scope of the CEFC's operations is guided by three principles that direct where and how the CEFC will invest.

Principle One — Clean Energy Focus

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

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

In accordance with the requirements of the CEFC Act, the CEFC Board has published its investment policies and guidelines on low-emissions technologies. In addition, the Board has published policy guidance as to the renewable energy technologies and energy efficiency technologies the CEFC will invest in. These documents are available on the CEFC's website www.cleanenergyfinancecorp.com.au.

Principle Two — Commercial Approach

The CEFC applies commercial rigour when making investment decisions and seeks to develop a portfolio across the spectrum of clean energy technologies that in aggregate must have an acceptable but not excessive level of risk relative to the sector.

The Corporation applies a commercial filter when making its investment decisions, focussing on projects and technologies at the later stages of development. The filter is not as stringent as the private sector equivalent, as the Corporation has a public policy purpose and values any positive externalities being generated. Consequently, it has different risk/return requirements. For a given return, the Corporation may take on higher risk and, for a given level of risk, due to positive externalities, may accept a lower financial return. In line with its policy intent, the Corporation considers the positive externalities and public policy outcomes when making investment decisions and when determining the extent of any concessionality for an investment.

In the 2015 Investment Mandate the responsible Ministers have directed the Board to target an average return of at least the five-year Australian Government bond rate +4 to +5 per cent per annum as the benchmark return of the portfolio. Performance against this benchmark will be measured before operating expenses. The Portfolio benchmark return is a medium-term target and expected to be earned across the portfolio and over a period of time. In targeting the Portfolio Benchmark Return the Board must not increase the level of exposure to credit risk above the level of the existing portfolio as assessed on 5 March 2015 (the date of effect of the 2015 Investment Mandate issued by the responsible Ministers).

The Australian Government is conscious of the risks inherent in investing in a large portfolio of financial assets. It acknowledges that in practice this will involve some short-term volatility in the Corporation's returns, including the possibility of losses in some years.

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

Principle Three — Addressing Financial Barriers

The ways in which the CEFC addresses financial barriers include:

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

Such concessionality is made available on an individual transaction basis through longer tenor or lower cost of finance or by absorbing additional risk. The CEFC sets terms on a case-by-case basis, lending at the rate that is commercially reasonable and on the least generous terms possible for the project to proceed (that is, as close to market terms as possible). This might happen where necessary under the project or where the CEFC is lending to public sector or not-for-profit organisations like universities and local councils.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Clean Energy Finance Corporation		
Revenue from Government	-	-
Revenues from other independent sources	25,213	18,584
Total for Programme 1.1	25,213	18,584
Outcome 1 totals by resource type		
Revenue from Government	-	-
Revenues from other independent sources	25,213	18,584
Total expenses for Outcome 1	25,213	18,584
	2014-15	2015-16
Average staffing level (number)	54	30

2015-16 Estimated expenses reflect the Australian Government's intention to abolish the CEFC and accordingly are prepared on the assumption that all operational expenses (employee benefits and supplier costs) will cease effective 31 December 2015 (Refer Section 3.2.2 of this Budget Statement).

The average staffing level for 2015-16 is the average number of staff expected to be employed during the period 1 July 2015 to 30 June 2016 and has been annualised to reflect nil staffing beyond 31 December 2015.

Contributions to Outcome 1

Programme 1.1: Clean Energy Finance Corporation

Programme objective

The objectives of the CEFC are:

- to invest, directly and indirectly, in clean energy technologies, which can be any one or more of the following:
 - renewable energy technologies, which include hybrid technologies that integrate renewable energy technologies and enabling technologies, that are related to renewable energy technologies;
 - energy efficiency technologies, including enabling technologies that are related to energy conservation technologies or demand management technologies; and
 - low-emissions technologies;
- to catalyse and leverage an increased flow of funds for the commercialisation and deployment of Australian based renewable energy, energy efficiency and low-emissions technologies;
- to liaise with relevant persons and bodies, including the Australian Renewable Energy Agency, the Clean Energy Regulator, other Commonwealth agencies and State and Territory Governments, for the purposes of facilitating its investment function;

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

Programme expenses

The Government has announced its intention to abolish the CEFC. Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth was before Parliament at the time of writing.

Given the uncertainty regarding the timing of the passage of this legislation, Treasury has assumed that the CEFC is to be abolished from 1 July 2015. Accordingly, estimates have been prepared on the assumption that there are no new investments entered into by the CEFC post 30 June 2015, that all operational expenses cease effective 31 December 2015 and that revenue from those contracts executed prior to 30 June 2015 continues through the life of those investments.

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Expenses not requiring appropriation in the Budget year (a)	25,213	18,584	5,238	4,466	4,073
Total programme expenses	25,213	18,584	5,238	4,466	4,073

(a) The CEFC generates sufficient funds from independent sources to cover all of its operating expenses and therefore the Corporation does not require appropriation in the Budget year or Forward Estimate years.

Programme 1.1 deliverables

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

- meet the CEFC's Australian clean energy criteria;
- offer an investment return above the Australian Government's cost of funds and demonstrate a capacity to repay capital;
- result in an acceptable concentration of risk within the CEFC portfolio; and
- have priority against competing proposals within the balance of the \$2 billion per annum investment budget.

Programme 1.1 key performance indicators

The CEFC's 2015 Investment Mandate directs the Board to adopt an average return of at least the five-year Australian Government bond rate +4 to +5 per cent per annum as the benchmark return of the portfolio. Performance against this benchmark will be measured before operating expenses. The Portfolio Benchmark Return has been established as a medium-term target that is expected to be earned across the portfolio and over a period of time. Individual investments could be made with expected individual returns above or below the Portfolio Benchmark Return.

The Australian Government is conscious of the risks inherent in investing in a large portfolio of financial assets. It acknowledges that in practice, this will involve some short-term volatility in the Corporation's returns, including the possibility of losses in some years.

The Australian Government is committed to developing the clean energy sector and it has established the Corporation to invest for the long term. Therefore the Investment Mandate establishes long term portfolio performance measures.

The CEFC's 2013 Investment Mandate (effective up to and including 4 March 2015) specified a portfolio benchmark return for the performance of funds invested by the CEFC, based on the five-year Australian Government bond rate and net of operating expenses. The portfolio benchmark return in the 2013 Investment Mandate was a long-term target and expected to be earned across the portfolio and over a period of time.

The performance of the CEFC will be measured by reference to the following key performance indicators:

- performance against the portfolio benchmark returns set out in the 2015 Investment Mandate (from 5 March 2015);
- performance against the portfolio benchmark returns set out in the 2013 Investment Mandate for the period from inception to 4 March 2015;
- placement of funds into Australia's clean energy sector;
- investment in renewable energy, low-emissions and energy efficiency technologies;
- building industry capacity; and
- dissemination of information to industry stakeholders.

A number of sectors have benefited from CEFC financing, including agribusiness, property, manufacturing, utilities and local government. This is building momentum in the market by demonstration effect, helping clean energy technologies move down

the cost curve and encouraging increased investment flows from the private sector and development of new clean energy technologies.

The total investment portfolio at 31 March 2015 was \$842 million. The CEFC has catalysed investments without providing significant levels of concessionality. The total value of concessions forecast to be provided by the CEFC from inception in 2012-13 through the end of 2014-15 is \$13.1 million. Even when providing concessional finance, in all instances the CEFC's lending rate on the concessional loans still exceeds the five-year Australian Government bond rate at the date the loan is entered into.

The CEFC has been able to catalyse over \$2 billion in non-CEFC private capital investment in projects with over \$3 billion in total value.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The CEFC does not have any administered funds.

3.1.2 Special accounts

The CEFC does not administer any special accounts. The CEFC Special Account is administered by the Department of the Treasury. Details of the CEFC Special Account can be found in Table 3.1.2 in the Department of the Treasury's section of this Portfolio Budget Statement.

3.1.3 Australian Government Indigenous expenditure

The CEFC does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

The budgeted financial statements have been prepared on the basis of Australian Accounting Standards, the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* and on the basis of the Government's intention to abolish the CEFC.

Legislation to abolish the CEFC and transfer the CEFC's existing assets and liabilities to the Commonwealth was before the Parliament at the time of writing.

Given the uncertainty regarding the timing of the passage of this legislation, Treasury has assumed that the CEFC is to be abolished from 1 July 2015. Accordingly:

- no new investments are forecast to be entered into by the CEFC post 30 June 2015;

- revenue from those contracts planned to be executed prior to 30 June 2015 is forecast to continue through the life of the investments (including revenue associated with the unwind of previously recorded concessionality charges);
- no additional concessionality charges are forecast to be incurred (consistent with the assumption of no new investments being entered into by the CEFC post 30 June 2015);
- all departmental funding from the Department of the Treasury for start-up operational expenses ceased in 2013-14;
- all operational expenses (employee benefits and supplier costs) are anticipated to cease effective 31 December 2015;
- an allowance for impairment has been provided in each period of the forward estimates in relation to the existing investment portfolio; and
- all outstanding liabilities to suppliers and employees are assumed to be settled at 31 December 2015.

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

- termination costs for facility operating leases;
- wind-up costs such as redundancy payments for staff, consultant or contractor termination costs, and service contract termination costs;
- legal and administrative costs associated with the abolition and orderly transition of the investment portfolio from CEFC to the Department of the Treasury; or
- costs to the Department of the Treasury for administering the existing investments for which revenue is being forecast.

The CEFC is forecasting operating surpluses for 2014-15, the 2015-16 budget year and each of the forward estimate years through 2018-19. The estimated actual surplus for 2014-15 and the budget and forward estimates for 2015-16 through 2018-19 contain a number of significant non-cash charges including a concessional loan charge in 2014-15, and a provision for loan impairment and the non-cash revenue from the unwind of the concessional loan charges in each of the budget and forward estimate periods. After eliminating the impact of these non-cash charges and revenue, the CEFC is forecasting total comprehensive income attributable to the Australian Government of \$32.3 million in 2014-15, \$33.8 million in 2015-16, \$48.1 million in 2016-17, \$46.7 million in 2017-18 and \$40.4 million in 2018-19 assuming legislation passes and the Corporation is abolished from 1 July 2015.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	15,216	9,435	-	-	-
Suppliers	5,296	3,764	-	-	-
Depreciation and amortisation	432	624	318	128	-
Write-down and impairment of assets	2,668	4,761	4,920	4,338	4,073
Other expenses	1,601	-	-	-	-
Total expenses	25,213	18,584	5,238	4,466	4,073
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest and fees	54,742	49,250	50,031	48,503	42,192
Other	6	-	-	-	-
Total own-source revenue	54,748	49,250	50,031	48,503	42,192
Total own-source income	54,748	49,250	50,031	48,503	42,192
Net cost of/(contribution by) services	(29,535)	(30,666)	(44,793)	(44,037)	(38,119)
Surplus/(deficit) attributable to the Australian Government	29,535	30,666	44,793	44,037	38,119
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	2,793	-	-	-	-
Total other comprehensive income	2,793	-	-	-	-
Total comprehensive income/(loss)	32,328	30,666	44,793	44,037	38,119
Total comprehensive income/(loss) attributable to the Australian Government	32,328	30,666	44,793	44,037	38,119
ADD NON-CASH CHARGES					
Concessional loan charge	1,601	-	-	-	-
Provision for loan impairment	2,668	4,761	4,920	4,338	4,073
Total non-cash charges	4,269	4,761	4,920	4,338	4,073
LESS NON-CASH REVENUE					
Unwind of concessional loan charge	(1,549)	(1,631)	(1,650)	(1,635)	(1,772)
Changes in asset revaluation surplus	(2,793)	-	-	-	-
Total non-cash revenue	(4,342)	(1,631)	(1,650)	(1,635)	(1,772)
Total comprehensive income attributable to the Australian Government after eliminating non-cash adjustments	32,255	33,796	48,063	46,740	40,420

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	29,464	-	-	-	-
Trade and other receivables	964,978	863,139	780,936	647,785	593,991
Other investments	258,545	118,045	137,805	157,805	157,805
Total financial assets	1,252,987	981,184	918,741	805,590	751,796
Non-financial assets					
Property, plant and equipment	695	269	68	-	-
Intangibles	375	177	60	-	-
Other non-financial assets	635	-	-	-	-
Total non-financial assets	1,705	446	128	-	-
Total assets	1,254,692	981,630	918,869	805,590	751,796
LIABILITIES					
Payables					
Suppliers	1,011	-	-	-	-
Other payables	6,673	7,364	5,211	3,197	1,659
Total payables	7,684	7,364	5,211	3,197	1,659
Provisions					
Employee provisions	3,238	-	-	-	-
Other provisions	11,627	-	-	-	-
Total provisions	14,865	-	-	-	-
Total liabilities	22,549	7,364	5,211	3,197	1,659
Net assets	1,232,143	974,266	913,658	802,393	750,137
EQUITY					
Contributed equity	1,168,362	879,819	774,418	619,116	528,741
Reserves	2,793	2,793	2,793	2,793	2,793
Retained surplus	60,988	91,654	136,447	180,484	218,603
Total equity	1,232,143	974,266	913,658	802,393	750,137

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	60,988	2,793	-	1,168,362	1,232,143
Adjusted opening balance	60,988	2,793	-	1,168,362	1,232,143
Comprehensive income					
Surplus/(deficit) for the period	30,666	-	-	-	30,666
Total comprehensive income	30,666	-	-	-	30,666
of which:					
Attributable to the Australian Government	30,666	-	-	-	30,666
Transactions with owners					
Distributions to owners					
Returns of capital:					
Distribution of equity	-	-	-	(288,543)	(288,543)
Sub-total transactions with owners	-	-	-	(288,543)	(288,543)
Estimated closing balance as at 30 June 2016	-	-	-	(288,543)	(288,543)
Closing balance attributable to the Australian Government	91,654	2,793	-	879,819	974,266

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest and fees	47,186	44,925	39,989	44,819	39,034
Total cash received	47,186	44,925	39,989	44,819	39,034
Cash used					
Employees	15,329	9,434	-	-	-
Suppliers	5,515	7,611	-	-	-
Total cash used	20,844	17,045	-	-	-
Net cash from/(used by) operating activities	26,342	27,880	39,989	44,819	39,034
INVESTING ACTIVITIES					
Cash received					
Loan advances	573,488	471,185	212,287	164,692	66,781
Total cash received	573,488	471,185	212,287	164,692	66,781
Cash used					
Purchase of property, plant and equipment	1,051	-	-	-	-
Loan advances	405,701	219,986	126,875	34,209	15,440
Purchase of investments	254,514	20,000	20,000	20,000	-
Total cash used	661,266	239,986	146,875	54,209	15,440
Net cash from/(used by) investing activities	(87,778)	231,199	65,412	110,483	51,341
FINANCING ACTIVITIES					
Cash used					
Return of equity to the Treasury	32,202	288,543	105,401	155,302	90,375
Total cash used	32,202	288,543	105,401	155,302	90,375
Net cash from/(used by) financing activities	(32,202)	(288,543)	(105,401)	(155,302)	(90,375)
Net increase/(decrease) in cash held	(93,638)	(29,464)	-	-	-
Cash and cash equivalents at the beginning of the reporting period	123,102	29,464	-	-	-
Cash and cash equivalents at the end of the reporting period	29,464	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1	-	-	-	-	-
Total new capital appropriations	-	-	-	-	-
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	-	-	-	-	-
Total Items	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	1,051	-	-	-	-
TOTAL	1,051	-	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,051	-	-	-	-
Total cash used to acquire assets	1,051	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	-	1,386	509	1,895
Accumulated depreciation/amortisation and impairment	-	(691)	(134)	(825)
Opening net book balance	-	695	375	1,070
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services	-	-	-	-
Total additions	-	-	-	-
Other movements				
Depreciation/amortisation expense	-	(426)	(198)	(624)
Total other movements	-	(426)	(198)	(624)
As at 30 June 2016				
Gross book value	-	1,386	509	1,895
Accumulated depreciation/amortisation and impairment	-	(1,117)	(332)	(1,449)
Closing net book balance	-	269	177	446

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared on the basis of the Government's intention to abolish the CEFC (refer section 3.2.2) and in accordance with the requirements of the PGPA Act, the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, Australian Accounting Standards issued by the Australian Accounting Standards Board and the Department of Finance guidance for the preparation of financial statements.

The financial report has been prepared on an accrual basis and is prepared in accordance with the historical cost convention.

Notes to the departmental statements

The budget statements and estimated forward years should be read taking into account the following matters:

Going Concern

The financial statements reflect the Australian Government's intention to abolish the Corporation effective 1 July 2015 as set forth in section 3.2.2 of this Budget Statement.

Concession loan discount

The CEFC is in the business of making loans that may be at a discount to the prevailing market equivalent rates or terms. For each investment, the CEFC attempts to maximise its return and provide only the level of discount from market rates/terms that is required to ensure the project proceeds, however, this will typically involve the CEFC taking a position that is not generally offered by other market participants (for example, longer term fixed-rate debt or sub-ordinated debt) at rates that may be below those that an equivalent market participant would demand if it were to participate in this market.

The CEFC is required to record a non-cash charge referred to as a concessional loan discount in relation to any such loans and it is a matter of judgment as to the market equivalent rate used to ascertain the extent of the implicit discount attached to the loan.

Impairment of loans

The CEFC is required to ascertain the extent to which its portfolio of loans is likely to be recoverable. Given the CEFC is in the business of lending and earning a margin it takes credit risk and it is appropriate to provision for expected credit losses. As the CEFC's portfolio is mainly senior secured debt and secured project finance facilities, and there have been no specific impairments identified to date, a statistical probability

of default must be used to determine the level of appropriate provisioning. The forecast impairment change is a provision determined as reasonable and appropriate when looking at the risks within the CEFC's current loans and in particular the current environment faced by the borrowers.

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: 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 at a meeting of the Council on Federal Financial Relations.

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

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources for the Commission.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	2,200	2,965	-	2,965
Departmental appropriation (c)	6,399	-	6,307	6,307
Total	8,599	2,965	6,307	9,272
Total ordinary annual services	8,599	2,965	6,307	9,272
Total available annual appropriations	8,599	2,965	6,307	9,272
Total net resourcing for the Commission	8,599	2,965	6,307	9,272

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.1m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The Commission has no Budget measures.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants

Note: Recent terms of reference for the Commission have not required advice and recommendations on health care grants.

Outcome 1 strategy

The Commission's strategy is based on its role to provide advice to the Australian Government in response to terms of reference. Five-yearly reviews of the methods used to calculate the recommended State shares of GST revenue is the major activity associated with this outcome. The last five-year review was completed in February 2015. Between these reviews the shares are updated annually using the most recent data. The last update was completed in February 2014.

The Commission will continue with this strategy in the current budget year and the forward years.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: Commonwealth Grants Commission		
Departmental expenses		
Departmental appropriation (a)	6,336	6,243
Special appropriations		
Special accounts		
Expenses not requiring appropriation in the Budget year (b)	111	112
Total for programme 1.1	6,447	6,355
Total expenses for Outcome 1	6,447	6,355
	2014-15	2015-16
Average staffing level (number)	36	36

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74).

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

Contributions to Outcome 1

Programme 1.1: Commonwealth Grants Commission

Programme objective

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

Table 2.2: Programme expenses

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	6,447	6,355	6,269	6,304	6,340
Total programme expenses	6,447	6,355	6,269	6,304	6,340

Programme 1.1 deliverables

The Commission makes recommendations to Government on the distribution of the GST pool.

Completion of the *Report on GST Revenue Sharing Relativities – 2015 Review* for consideration by the Council on Federal Financial Relations.

Programme 1.1 key performance indicators

The major effectiveness indicators are the quality of the Commission's research, the accuracy of its calculations and the acceptance of the results it presents to government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

The Commission does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The Commission does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

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

The Commission normally receives a relatively steady level of funding and its workload and expenses vary over a five year cycle.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	4,900	5,000	5,100	5,100	5,100
Suppliers	1,467	1,274	1,104	1,141	1,177
Depreciation and amortisation	80	81	65	63	63
Total expenses	6,447	6,355	6,269	6,304	6,340
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services					
Total own-source revenue	-	-	-	-	-
Gains					
Sale of assets					
Other	31	31	31	31	31
Total gains	31	31	31	31	31
Total own-source income	31	31	31	31	31
Net cost of/(contribution by) services	6,416	6,324	6,238	6,273	6,309
Revenue from Government	6,336	6,243	6,173	6,210	6,246
Surplus/(deficit) attributable to the Australian Government	(80)	(81)	(65)	(63)	(63)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(80)	(81)	(65)	(63)	(63)
Total comprehensive income/(loss) attributable to the Australian Government	(80)	(81)	(65)	(63)	(63)
Note: Impact of net cash appropriation arrangements					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	80	81	65	63	63
Total comprehensive income/(loss) - as per the statement of comprehensive income	(80)	(81)	(65)	(63)	(63)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	116	116	116	116	116
Trade and other receivables	2,978	2,978	2,978	2,978	2,978
Other financial assets	49	49	49	49	49
Total financial assets	3,143	3,143	3,143	3,143	3,143
Non-financial assets					
Land and buildings	112	112	112	112	112
Property, plant and equipment	132	115	113	113	113
Total non-financial assets	244	227	225	225	225
Assets held for sale					
Total assets	3,387	3,370	3,368	3,368	3,368
LIABILITIES					
Payables					
Suppliers	213	213	213	213	213
Total payables	213	213	213	213	213
Provisions					
Employee provisions	1,573	1,573	1,573	1,573	1,573
Other provisions	216	216	216	216	216
Total provisions	1,789	1,789	1,789	1,789	1,789
Total liabilities	2,002	2,002	2,002	2,002	2,002
Net assets	1,385	1,368	1,366	1,366	1,366
EQUITY*					
Parent entity interest					
Contributed equity	705	769	832	895	958
Reserves	343	343	343	343	343
Retained surplus (accumulated deficit)	337	256	191	128	65
Total parent entity interest	1,385	1,368	1,366	1,366	1,366
Total Equity	1,385	1,368	1,366	1,366	1,366

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	337	343	-	705	1,385
Adjusted opening balance	337	343	-	705	1,385
Comprehensive income					
Surplus/(deficit) for the period	(81)				(81)
Total comprehensive income	(81)	-	-	-	(81)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	64	64
Sub-total transactions with owners	-	-	-	64	64
Closing balance attributable to the Australian Government	256	343	-	769	1,368

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,336	6,243	6,173	6,210	6,246
Total cash received	6,336	6,243	6,173	6,210	6,246
Cash used					
Employees	4,900	5,000	5,100	5,100	5,100
Suppliers	1,436	1,243	1,073	1,110	1,146
Total cash used	6,336	6,243	6,173	6,210	6,246
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	63	64	63	63	63
Total cash used	63	64	63	63	63
Net cash from/(used by) investing activities	(63)	(64)	(63)	(63)	(63)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	64	63	63	63
Total cash received	63	64	63	63	63
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	63	64	63	63	63
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	116	116	116	116	116
Cash and cash equivalents at the end of the reporting period	116	116	116	116	116

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	63	64	63	63	63
Total new capital appropriations	63	64	63	63	63
Provided for:					
Purchase of non-financial assets	63	64	63	63	63
Total Items	63	64	63	63	63
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	63	64	63	63	63
TOTAL	63	64	63	63	63
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	64	63	63	63
Total cash used to acquire assets	63	64	63	63	63

(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 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	L&B, IP&E held for sale \$'000	Other \$'000	Total \$'000
As at 1 July 2015						
Gross book value	-	962	-	-	-	962
depreciation/amortisation and impairment	-	(718)	-	-	-	(718)
Opening net book balance	-	244	-	-	-	244
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase - appropriation ordinary annual services (a)	-	64	-	-	-	64
Total additions	-	64	-	-	-	64
Other movements						
Depreciation/amortisation expense	-	(81)	-	-	-	(81)
Total other movements	-	(81)	-	-	-	(81)
As at 30 June 2016						
Gross book value	-	1,026	-	-	-	1,026
Accumulated depreciation/amortisation and impairment	-	(799)	-	-	-	(799)
Closing net book balance	-	227	-	-	-	227

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015-16 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 the administration of the tax laws for the benefit of all taxpayers, tax practitioners and other citizens.

The IGT's strategic direction for 2015-16 is to achieve this by delivering independent advice for improvement through:

- consulting with the community to ensure tax administration issues are identified;
- conducting reviews into the identified issues;
- developing a deeper understanding of the issues and advise on improvement options;
- reporting publicly on review outcomes, observations and improvement recommendations; and
- establishing a complaints handling function.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15</i> \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	2,818	3,367	-	3,367
Departmental appropriation (c)	-	-	6,532	6,532
Total	2,818	3,367	6,532	9,899
Total ordinary annual services [A]	2,818	3,367	6,532	9,899
Departmental non-operating				
Equity injections	808	-	198	198
Total	808	-	198	198
Total other services [B]	808	-	198	198
Total available annual appropriations [A+B]	3,626	3,367	6,730	10,097

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.03m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

Reader note: All figures are GST exclusive.

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 2015-16 Budget measures

Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)

Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	
Expense measures						
Inspector-General of Taxation - additional funding	1.1	-	3,287	3,393	3,423	3,456
Total expense measures		-	3,287	3,393	3,423	3,456
Capital measures						
Inspector-General of Taxation - additional funding	1.1	808	198	-	-	-
Total capital measures		808	198	-	-	-
Total		808	3,485	3,393	3,423	3,456

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The IGT's outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the IGT in achieving government outcomes.

Outcome 1: Improved tax administration through community consultation, review, and independent advice to Government

Outcome 1 strategy

Key strategies to achieve Outcome 1 are to:

- undertake community consultation, research and other processes to identify and prioritise areas of tax administration for improvement;
- call for submissions to review and to stimulate input by, for example, issuing terms of reference and similar materials;
- review identified areas and provide independent advice and recommendations to the Government and the Australian Taxation Office (ATO) on improvements to the administration of the tax laws;
- maintain a positive public profile for the IGT through participation in conferences and seminars;
- build on approaches that increase the ATO's involvement and contribution to review processes and outcomes;
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews; and
- establish a complaints handling function.

The major projects and activities expected to commence or be completed during 2015-16 include the IGT's reviews and the establishment of a complaints handling function. In addition, consideration of the ATO's implementation of IGT recommendations is also supported.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome 1: Improved tax administration through community consultation, review, and independent advice to government		
Programme 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation (a)	2,788	6,503
Expenses not requiring appropriation in the Budget year (b)	30	29
Total expenses for Outcome 1	2,818	6,532
	2014-15	2015-16
Average staffing level (number) (c)	14	34

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

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

(c) IGT are engaging an additional 20 staff in 2015-16, in line with the Budget Measure — Inspector-General of Taxation — additional funding. Refer Budget Paper No. 2, *Budget Measures*.

Contributions to Outcome 1

Programme 1.1: Inspector-General of Taxation

Programme objective

The IGT has the following objectives:

- identify areas of tax administration where community stakeholders believe improvements should be made or issues reviewed;
- consult with government entities that review tax administration to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review;
- provide independent advice to the Government and the ATO on tax administration and make recommendations on improvements;
- consideration of the ATO's implementation of IGT recommendations; and
- establishing a complaints handling function.

Programme expenses

Additional funding has been provided to the IGT in the 2015-16 Budget to support its operations. Further details can be found in Budget Paper No. 2, *Budget Measures*.

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	2,818	6,532	6,607	6,665	6,721
Total programme expenses	2,818	6,532	6,607	6,665	6,721

Programme 1.1 deliverables

The IGT has the following deliverables:

- reviews based on community input and consultation with other relevant entities, prioritised according to good administration principles;
- reports incorporating independent advice on improvements to tax administration; and
- establishment of a complaints handling function.

Programme 1.1 key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities;
- recommendations for improvements in tax administration agreed and implemented by the ATO or adopted by the Government; and
- the effective establishment of the complaints handling function.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 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.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT has no administered funds.

3.1.2 Special accounts

The IGT has no special accounts.

3.1.3 Australian Government Indigenous expenditure

The IGT has no Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The IGT is budgeting for a break-even operating result in 2015-16.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	1,955	5,207	5,361	5,399	5,299
Suppliers	833	1,296	1,217	1,236	1,391
Depreciation and amortisation	30	29	29	30	31
Total expenses	2,818	6,532	6,607	6,665	6,721
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Total own-source income					
Net cost of/(contribution by) services	2,818	6,532	6,607	6,665	6,721
Revenue from Government	2,788	6,503	6,578	6,635	6,690
Surplus/(deficit) attributable to the Australian Government	(30)	(29)	(29)	(30)	(31)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income					
plus depreciation/amortisation expenses previously funded through revenue appropriations (a)	(30)	(29)	(29)	(30)	(31)
Total comprehensive income/(loss) - as per the statement of comprehensive income	(30)	(29)	(29)	(30)	(31)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	45	45	45	45	45
Trade and other receivables	3,376	3,376	3,376	3,376	2,507
Total financial assets	3,421	3,421	3,421	3,421	2,552
Non-financial assets					
Land and buildings	217	217	217	217	1,086
Infrastructure, plant and equipment	739	937	937	937	937
Other non-financial assets	38	38	38	38	38
Total non-financial assets	994	1,192	1,192	1,192	2,061
Total assets	4,415	4,613	4,613	4,613	4,613
LIABILITIES					
Payables					
Suppliers	68	68	68	68	68
Other payables	36	36	36	36	36
Total payables	104	104	104	104	104
Provisions					
Employee provisions	480	480	480	480	480
Other provisions	93	93	93	93	93
Total provisions	573	573	573	573	573
Total liabilities	677	677	677	677	677
Net assets	3,738	3,936	3,936	3,936	3,936
EQUITY*					
Contributed equity	974	1,201	1,230	1,260	1,291
Reserves	438	438	438	438	438
Retained surplus (accumulated deficit)	2,326	2,297	2,268	2,238	2,207
Total non-controlling interest	3,738	3,936	3,936	3,936	3,936
Total Equity	3,738	3,936	3,936	3,936	3,936

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	2,326	438	-	974	3,738
Adjusted opening balance	2,326	438	-	974	3,738
Comprehensive income					
Surplus/(deficit) for the period	(29)	-	-	-	(29)
Total comprehensive income recognised directly in equity	(29)	-	-	-	(29)
Transactions with owners					
Contributions by owners					
Equity Injection	-	-	-	198	198
Departmental Capital Budget (DCB)	-	-	-	29	29
Total transactions with owners	-	-	-	227	227
Closing balance attributable to the Australian Government	2,297	438	-	1,201	3,936

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,788	6,503	6,578	6,635	6,690
Other	-	-	-	-	-
Total cash received	2,788	6,503	6,578	6,635	6,690
Cash used					
Employees	1,955	5,207	5,361	5,399	5,299
Suppliers	833	1,296	1,217	1,236	1,391
Total cash used	2,788	6,503	6,578	6,635	6,690
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	838	227	29	30	900
Total cash used	838	227	29	30	900
Net cash from/(used by) investing activities	(838)	(227)	(29)	(30)	(900)
FINANCING ACTIVITIES					
Cash received					
Capital injections	838	227	29	30	31
Contributed equity	-	-	-	-	869
Total cash received	838	227	29	30	900
Net cash from/(used by) financing activities	838	227	29	30	900
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	45	45	45	45	45
Cash and cash equivalents at the end of the reporting period	45	45	45	45	45

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	30	29	29	30	31
Equity injections - Bill 2	808	198	-	-	-
Total new capital appropriations	838	227	29	30	31
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	838	227	29	30	31
Total Items	838	227	29	30	31
ASSETS					
Funded by capital appropriations (a)	808	198	-	-	-
Funded by capital appropriation - DCB (b)	30	29	29	30	31
Funded internally from departmental resources (c)	-	-	-	-	869
TOTAL	838	227	29	30	900
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	838	227	29	30	900

(a) Includes current Bill 2 appropriations.

(b) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Other \$'000	Total \$'000
As at 1 July 2015				
Gross book value	217	1,075	-	1,292
Accumulated depreciation/amortisation and impairment	(89)	(247)	-	(336)
Opening net book balance	128	828	-	956
Capital asset additions				
By purchase - appropriation equity (a)	-	198	-	198
By purchase - appropriation ordinary annual services (a)	-	29	-	29
Total additions	-	227	-	227
Other movements				
Depreciation/amortisation expense	-	(29)	-	(29)
Total other movements	-	(29)	-	(29)
As at 30 June 2016				
Gross book value	217	1,302	-	1,519
Accumulated depreciation/amortisation and impairment	(89)	(276)	-	(365)
Closing net book balance	128	1,026	-	1,154

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2015-16 for 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 (covered). The NCC also recommends in relation to the price regulation and greenfields exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

In order to maintain the sustainability and efficiency of its operations, from 1 July 2014, the NCC replaced its secretariat staff with an arrangement whereby the ACCC will provide it with staff and secretariat services as required.

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

The NCC will ensure it provides appropriate advice and makes recommendations and decisions that reflect the relevant law and economic and policy developments. In

particular it will ensure that its recommendations are in accordance with the CCA and the NGL and that its websites and other information resources remain relevant.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: National Competition Council resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services				
Departmental appropriation				
Prior year appropriations (b)	2,173	2,173	-	2,173
Departmental appropriation (a)	1,913	-	1,740	1,740
Total	4,086	2,173	1,740	3,913
Total net resourcing for the NCC	4,086	2,173	1,740	3,913

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

Reader note: All figures are GST exclusive.

Third party payments from and on behalf of other entities

	2014-15 \$'000	2015-16 \$'000
Payments made on behalf of NCC	1,913	1,740

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

1.3 BUDGET MEASURES

The NCC does not have any budget measures for 2015-16.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the National Competition Council in achieving government outcomes.

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

2.1.1 Outcome 1 strategy

To achieve its outcome the NCC will provide comprehensive, objective, timely and transparent recommendations and decisions that accord with the relevant law (including time limits) and good regulatory practice.

Pursuant to the CCA, the NCC provides recommendations to ministers on applications for the declaration of services provided by monopoly infrastructure facilities and on the certification of state and territory access regimes.

Pursuant to the NGL, the NCC provides recommendations to ministers on the coverage of natural gas pipeline systems and on price regulation and greenfields incentives, and makes determinations on the form of regulation and on the classification of natural gas pipeline systems.

The NCC will continue to revise its approach to obtaining secretariat services to increase the efficiency and sustainability of its operations. The NCC will also continue to review its processes and the structure of its recommendation reports and decisions. It will also ensure its published guidelines and other information in relation to access regulation to ensure these remain up-to-date.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of, and investment in infrastructure.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1.1: National Competition Council		
Departmental expenses		
Departmental appropriation (a)	1,913	1,740
Expenses not requiring appropriation in the budget year (b)	27	27
Total expenses for Outcome 1	1,940	1,767
	2014-15	2015-16
Average staffing level (number)	2	1

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

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

2.1.2 Contributions to Outcome 1

Programme 1.1: National Competition Council

Programme objective

The NCC's objective is to provide advice to governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.

Programme expenses

The NCC's program expenses in 2015-16 are lower than in 2014-15, representing savings arising from the NCC obtaining its secretariat services from the ACCC.

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental items	1,940	1,767	1,760	1,746	1,757
Total programme expenses	1,940	1,767	1,760	1,746	1,757

Programme 1.1 deliverables

The NCC has the following deliverables:

- 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;
- make recommendations to ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfields incentives;
- make decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and
- advise the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA.

Programme 1.1 key performance indicators

The NCC has the following key performance indicators:

- recommendations on declaration applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of ministers;
- recommendations on certification applications made within statutory time limits (consideration period of 180 days) and meet advice requirements of ministers;
- recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet advice requirements of ministers;
- accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website;
- up-to-date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website;
- case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days; and
- the NCC's annual report to the Parliament includes a comprehensive report that meets the requirements of section 290(2) of the CCA and is provided within 60 days of the end of the financial year.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The NCC does not have any administered appropriation funds.

3.1.2 Special accounts

The NCC does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The NCC does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The NCC is budgeting for a break-even operating result for 2015-16 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

Operating revenues

Total NCC revenue in 2015-16 is estimated to be \$1.767 million.

Operating expenses

Total expenses in 2015-16 are estimated to be \$1.767 million.

Budgeted departmental balance sheet

In 2015-16 the NCC's equity position will be positive \$2.647 million.

Assets

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

Liabilities

The NCC's liabilities are mainly supplier payables.

Administered income

The NCC is estimated to receive own source income of \$8,000 in 2015-16 being fees for applications made to it under the NGL.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	762	189	182	182	182
Suppliers	1,178	1,578	1,578	1,564	1,575
Total expenses	1,940	1,767	1,760	1,746	1,757
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	27	27	27	27	27
Total gains	27	27	27	27	27
Total own-source income	27	27	27	27	27
Net cost of/(contribution by) services	1,913	1,740	1,733	1,719	1,730
Revenue from Government	1,913	1,740	1,733	1,719	1,730
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	50	50	50	50	50
Trade and other receivables	2,902	2,616	2,616	2,616	2,616
Total financial assets	2,952	2,666	2,666	2,666	2,666
Non-financial assets					
Other non-financial assets	2	2	2	2	2
Total non-financial assets	2	2	2	2	2
Assets held for sale					
Total assets	2,954	2,668	2,668	2,668	2,668
LIABILITIES					
Payables					
Suppliers	20	20	20	20	20
Other payables	18	1	1	1	1
Total payables	38	21	21	21	21
Provisions					
Employee provisions	269	-	-	-	-
Total provisions	269	-	-	-	-
Total liabilities	307	21	21	21	21
Net assets	2,647	2,647	2,647	2,647	2,647
EQUITY*					
Parent entity interest					
Contributed equity	146	146	146	146	146
Retained surplus (accumulated deficit)	2,501	2,501	2,501	2,501	2,501
Total parent entity interest	2,647	2,647	2,647	2,647	2,647
Total Equity	2,647	2,647	2,647	2,647	2,647

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	2,501	-	-	146	2,647
Adjusted opening balance	2,501	-	-	146	2,647
Comprehensive income					
Surplus/(deficit) for the period	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Estimated closing balance as at 30 June 2016	2,501	-	-	146	2,647

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,061	2,026	1,733	1,719	1,730
Net GST received	115	155	155	154	156
Total cash received	2,176	2,181	1,888	1,873	1,886
Cash used					
Employees	928	475	182	182	182
Suppliers	1,262	1,706	1,706	1,691	1,704
Total cash used	2,190	2,181	1,888	1,873	1,886
Net cash from/(used by) operating activities	(14)	-	-	-	-
Net increase/(decrease) in cash held	(14)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	64	50	50	50	50
Cash and cash equivalents at the end of the reporting period	50	50	50	50	50

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015		
Gross book value	7	7
Accumulated depreciation/amortisation and impairment	(7)	(7)
Opening net book balance	-	-
As at 30 June 2016		
Gross book value	7	7
Accumulated depreciation/amortisation and impairment	(7)	(7)
Closing net book balance	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	8	8	8	8	8
Total non-taxation revenue	8	8	8	8	8
Total own-source revenue administered on behalf of Government	8	8	8	8	8
Total own-sourced income administered on behalf of Government	8	8	8	8	8

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	8	8	8	8	8
Total cash received	8	8	8	8	8
Net cash from/(used by) operating activities	8	8	8	8	8
Net increase/(decrease) in cash held	8	8	8	8	8
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Transfers from other entities (Finance - Whole of Government)	8	8	8	8	8
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: 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 functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters;
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and
- advance and promote the main objectives of part 12 of the *Australian Securities and Investments Commission Act 2001*.

The vision of the AUASB is to be recognised as a leading national auditing and assurance standards setting body that develops high quality auditing and assurance standards and guidance in the public interest.

The mission of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Key strategies during 2015-16 include to:

- develop auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;
- contribute to and influence the development of international auditing standards; and
- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, audit quality, and the role of auditing and assurance services.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	1,233	1,229	-	1,229
Departmental appropriation (c)	2,226	-	2,198	2,198
s 74 Retained revenue receipts (d)	35		36	36
Total	3,494	1,229	2,234	3,463
Total ordinary annual services [A]	3,494	1,229	2,234	3,463
Total available annual appropriations [A]	3,494	1,229	2,234	3,463

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.04m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The AUASB does not have any budget measures for 2015-16.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the AUASB in achieving government outcomes.

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation, including facilitating and monitoring the implementation of the Australian Auditing Standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of the Corporations legislation; and
- providing Australian participation in, and contributing to, the development of a single set of auditing standards for world-wide use. In this regard the AUASB will continue to participate in key International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, the auditor's responsibility relating to other information, auditing financial report disclosures, the project on agreed-upon-procedures, and the Innovation and Integrated Reporting Working Groups.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.1: Auditing and Assurance Standards Board		
Departmental expenses		
Departmental appropriation (a)	2,223	2,197
Expenses not requiring appropriation in the Budget year (b)	113	128
Total expenses for Outcome 1	2,336	2,325
	2014-15	2015-16
Average staffing level (number)	7	7

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

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

Contributions to Outcome 1

Programme 1.1: Auditing and Assurance Standards Board

Programme objective

Formulate and maintain Auditing Standards that are legally enforceable under the *Corporations Act 2001* and contribute to the development of international auditing standards.

Contribute to the ongoing implementation of Australian Auditing Standards, including:

- monitoring the implementation of Australian Auditing Standards and providing periodic informal and formal feedback to the IAASB;
- monitoring the revision of IAASB International Standards on Auditing and considering the implications for the following equivalent AUASB standards:
 - auditor reporting;
 - the auditor's responsibility relating to other information accompanying the financial report; and
 - auditing financial report disclosures.
- participation in the IAASB's Innovation and Integrated Reporting Working Groups;

- consulting and liaising with stakeholders to promote audit quality and understand emerging issues;
- developing articles that will highlight key principles in auditing standards; and
- presenting at various public forums, conferences and information sessions.

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

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

Formulate and maintain guidance pronouncements, ensuring that guidance is high quality, timely and provides appropriate coverage through pronouncements that supplement standards and address emerging issues including:

- the Australian Prudential Regulation Authority regulated areas, including superannuation, general insurance, approved deposit taking institutions and life insurance companies;
- the Australian Securities and Investments Commission regulated areas, including auditing AFSL entities;
- auditing self-managed superannuation funds; and
- assurance on grant acquittals and multi-scope engagements.

Influence the development of international and national standards by liaising with the IAASB and other national standard-setting organisations to contribute to improving the quality of global auditing and assurance standards. This includes working with the New Zealand Auditing and Assurance Standards Board to harmonise Australian and New Zealand auditing standards and undertake joint projects where possible, consistent with the Outcome Proposals agreed in August 2009 by the Australian and New Zealand Prime Ministers.

Through research, communication and consultations to identify and respond to emerging issues on a timely basis, including participating in the early stages of the development of legislation and regulation to better articulate audit requirements, including:

- development of AUASB Bulletins on various current topics relating to the AUASB’s areas of interest, including the importance of using the AUASB auditing and assurance standards ; and
- promoting thought leadership on the importance of achieving and heightening audit quality.

Through a detailed communication and consultation plan, the AUASB strategy is to increase awareness of the AUASB’s work among its stakeholders, and to ensure that stakeholders’ views are appropriately considered in the AUASB activities and initiatives.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	2,336	2,325	2,245	2,251	2,263
Total Programme expenses	2,336	2,325	2,245	2,251	2,263

Programme 1.1 deliverables

The AUASB has the following deliverables:

- prepare and issue auditing standards under section 336 of the *Corporations Act 2001*;
- prepare and issue new and revised assurance standards, standards on review engagements and related guidance as required; and
- contribute to the development of international auditing and assurance standards.

Programme 1.1 key performance indicators

The AUASB has the following key performance indicators:

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

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

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AUASB does not have any administered funds.

3.1.2 Special accounts

The AUASB does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The AUASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements

3.2.2 Analysis of budgeted financial statements

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

The AUASB is budgeting for a break-even operating result for 2015-16 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	1,503	1,479	1,502	1,524	1,547
Suppliers	741	739	690	686	678
Depreciation and amortisation	89	104	53	41	38
Finance costs	3	3	-	-	-
Total expenses	2,336	2,325	2,245	2,251	2,263
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	34	36	37	39	40
Total own-source revenue	34	36	37	39	40
Gains					
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	58	60	61	63	64
Net cost of/(contribution by) services	2,278	2,265	2,184	2,188	2,199
Revenue from Government	2,189	2,161	2,131	2,147	2,161
Surplus/(deficit) attributable to the Australian Government	(89)	(104)	(53)	(41)	(38)
Total comprehensive income/(loss)	(89)	(104)	(53)	(41)	(38)
Total comprehensive income/(loss) attributable to the Australian Government	(89)	(104)	(53)	(41)	(38)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
Less depreciation/amortisation expenses previously funded through revenue appropriations (a)	89	104	53	41	38
Total comprehensive income/(loss) - as per the statement of comprehensive income	(89)	(104)	(53)	(41)	(38)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	200	200	200	200	200
Trade and other receivables	1,054	1,025	1,013	1,040	1,071
Total financial assets	1,254	1,225	1,213	1,240	1,271
Non-financial assets					
Property, plant and equipment	112	45	31	31	32
Intangibles	22	22	20	18	18
Other non-financial assets	7	7	7	7	7
Total non-financial assets	141	74	58	56	57
Assets held for sale					
Total assets	1,395	1,299	1,271	1,296	1,328
LIABILITIES					
Payables					
Suppliers	36	36	36	36	36
Other payables	101	40	1	1	1
Total payables	137	76	37	37	37
Provisions					
Employee provisions	151	180	210	240	271
Other provisions	141	144	141	139	139
Total provisions	292	324	351	379	410
Total liabilities	429	400	388	416	447
Net assets	966	899	883	880	881
EQUITY*					
Contributed equity	200	237	274	312	351
Reserves	38	38	38	38	38
Retained surplus (accumulated deficit)	728	624	571	530	492

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	728	38		200	966
Adjusted opening balance	728	38	-	200	966
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(104)				(104)
Total comprehensive income	(104)	-	-	-	(104)
of which:					
Attributable to the Australian Government	(104)	-	-	-	(104)
Attributable to non-controlling interest					-
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)				37	37
Sub-total transactions with owners	-	-	-	37	37
Estimated closing balance as at 30 June 2016	624	38	-	237	899
Closing balance attributable to the Australian Government	624	38	-	237	899

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,189	2,161	2,131	2,149	2,161
Other	61	65	46	39	40
Total cash received	2,250	2,226	2,177	2,188	2,201
Cash used					
Employees	1,472	1,450	1,472	1,494	1,517
Suppliers	771	776	705	663	654
Other	-	-	-	31	30
Total cash used	2,243	2,226	2,177	2,188	2,201
Net cash from/(used by) operating activities	7	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	37	37	37	38	39
Total cash used	37	37	37	38	39
Net cash from/(used by) investing activities	37	37	37	38	39
FINANCING ACTIVITIES					
Cash received					
Contributed equity	37	37	37	38	39
Total cash received	37	37	37	38	39
Net cash from/(used by) financing activities	37	37	37	38	39
Net increase/(decrease) in cash held	81	74	74	76	78
Cash and cash equivalents at the beginning of the reporting period	193	200	200	200	200
Cash and cash equivalents at the end of the reporting period	193	200	200	200	200

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	37	37	37	38	39
Total new capital appropriations	37	37	37	38	39
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	37	37	37	38	39
Total Items	37	37	37	38	39
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	37	37	37	38	39
TOTAL	37	37	37	38	39
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	37	37	37	38	39
Total cash used to acquire assets	37	37	37	38	39

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2015					
Gross book value	-	629	86	-	715
Accumulated depreciation/amortisation and impairment	-	(517)	(64)	-	(581)
Opening net book balance	-	112	22	-	134
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity (a)	-	19	18	-	37
Total additions	-	19	18	-	37
Other movements					
Depreciation/amortisation expense	-	(86)	(18)	-	(104)
Total other movements	-	(86)	(18)	-	(104)
As at 30 June 2016					
Gross book value	-	648	104	-	752
Accumulated depreciation/amortisation and impairment	-	(603)	(82)	-	(685)
Closing net book balance	-	45	22	-	67

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16, including CDABs.

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 functions of the AASB are to:

- develop a conceptual framework for the purpose of evaluating proposed accounting standards and international standards;
- make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate accounting standards for other purposes;
- participate in and contribute to the development of a single set of accounting standards for world-wise use; and
- facilitate the Australian economy by reducing the cost of capital, enabling Australian entities to compete effectively overseas, having accounting standards that are clearly stated and easy to understand, and maintaining investor confidence in the Australian economy (including its capital markets).

The vision of the AASB is to be recognised as a leading national standard setter and a global centre of excellence.

The mission of the AASB is to create principles based external reporting standards for Australia that meet user needs; and contributes to the development of international external reporting standards.

Key priorities during 2015-16 include:

- issue Australian financial reporting standards based on International Financial Reporting Standards (IFRS) which are transaction neutral whenever appropriate, taking into account cost/benefit considerations for both the for-profit and not-for-profit sectors that meet user needs. Ensure that IFRS standards are made available as Australian Accounting Standards expeditiously;

- facilitate and encourage active stakeholder participation in the development of standards internationally and in Australia. Issue consultative documents incorporating International Accounting Standards Board (IASB) exposure drafts and discussion papers and where appropriate International Public Sector Accounting Standards Board (IPSASB) consultative documents. Promote feedback through roundtables, discussions with decision makers/advisory panels and social media;
- enhance the AASB's international influence with respect to IASB and IPSASB outcomes. Provide high quality thought leadership with an overlay of practical application to meet user needs. Be recognised as a high quality contributor to the IASB's Accounting Standards Advisory Forum (ASAF). Develop and maintain appropriate alliances, including through the Asian and Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board, relevant national standard setters who can assist AASB to influence international outcomes and IPSASB;
- take a leadership role in shaping the Australian Reporting Framework, including improving the differential reporting framework (Reduced Disclosure Requirements) and assisting regulators to objectively identify entities that should prepare and lodge general purpose financial reports; and
- work closely with the New Zealand Accounting Standards Board to maintain converged reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Office of the Australian Accounting Standards Board resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	4,332	3,854	-	3,854
Departmental appropriation (c)	3,781	-	3,730	3,730
s 74 Retained revenue receipts (d)	813	-	767	767
Total	8,927	3,854	4,497	8,351
Total ordinary annual services [A]	8,927	3,854	4,497	8,351
Total other services [B]	-	-	-	-
Total available annual appropriations [A+B]	8,927	3,854	4,497	8,351

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$.08m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

Reader note: All figures are GST exclusive.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The AASB's outcome is described below, including the strategy, program objectives, program deliverables and program key performance indicators and targets used to assess and monitor the performance of the AASB in achieving government outcomes.

Outcome 1: The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions

Outcome 1 strategy

The key strategies to achieve Outcome 1 are:

- to make accounting standards under section 334 of the *Corporations Act 2001* for the purposes of the financial reporting requirements of the Corporations legislation;
- to formulate accounting standards for the purposes of financial reporting by Australian entities that are not subject to the reporting requirements of the Corporations legislation; and
- to participate in, and contribute to, the development of a single set of accounting standards for world-wide use.

The AASB will continue its role in the development of legally enforceable accounting standards, the development of accounting standards for non-Corporation's legislation entities and the development of global accounting standards.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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		
Programme 1.1: Australian Accounting Standards Board		
Departmental expenses		
Departmental appropriation (a)	4,514	4,418
Expenses not requiring appropriation in the Budget year (b)	192	213
Total expenses for Outcome 1	4,706	4,631
	2014-15	2015-16
Average staffing level (number)	22	22

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.
(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, makegood 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.

Contributions to Outcome 1

Programme 1.1: Australian Accounting Standards Board

Programme objective

The objectives of the AASB are to:

- ensure Australian for-profit entities complying with Australian Accounting Standards also comply with IFRS;
- to the extent feasible, ensure standards are transaction neutral (i.e. transactions are accounted for in the same way by all entities), – considering how each IFRS might affect not-for-profit entities in the public and private sectors;
- maintain and enhance Australia's reputation as a leading national accounting standard setter to contribute to the development of high-quality global standards. Establishing and maintaining alliances with other national standard setters (particularly in the Asia-Oceania region), the IASB and the IPSASB;
- drive improvements in financial reporting, particularly on issues not being dealt with internationally, including those relating to not-for-profit entities in the public and private sectors when a purely transaction neutral approach does not prove feasible;
- have consistent interpretations of requirements and encourage other jurisdictions to do the same through relationships with other standard setters;
- use the website and other social media to communicate AASB decisions and projects clearly and concisely; and

- develop staff with expertise in standard setting through ongoing education and graduate and secondment programs.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	4,706	4,631	4,528	4,542	4,555
Total programme expenses	4,706	4,631	4,528	4,542	4,555

Programme 1.1 deliverables

The AASB has the following deliverables:

- promulgate each IFRS and IFRS amendment developed by the IASB into Australian Law;
- promulgate each standard to apply on a transaction neutral basis to the extent feasible and develop specific standards to deal with not-for-profit entity issues where necessary;
- prepare and publish accounting standards, compiled versions of standards and exposure drafts;
- participate in international standard setting and other research projects;
- maintain close relationships with equivalent organisations in other jurisdictions; and
- develop personnel with experience in standard setting.

Programme 1.1 key performance indicators

The AASB has the following key performance indicators:

- accounting standard and standard amendments are in accordance with Australian legislative drafting protocols and Federal Register of Legislative Instruments requirements and are made publicly available on a timely basis. Standards based on IFRS are available for adoption in Australia shortly after being issued by the IASB.
- increase in engagement of Australian constituents in the standard setting process;
- responses made to all significant IASB and IPSASB exposure drafts;

- thought leadership documents presented to meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and other appropriate forums; and
- AASB staff recognised as technical experts in their respective fields.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The AASB does not have any administered funds.

3.1.2 Special accounts

The AASB does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The AASB does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The AASB is budgeting for a break-even operating result for 2015-16 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	3,472	3,337	3,147	3,195	3,244
Suppliers	1,072	1,111	1,263	1,246	1,227
Depreciation and amortisation	158	179	117	101	84
Finance costs	4	4	1	-	-
Total expenses	4,706	4,631	4,528	4,542	4,555
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	313	267	272	277	282
Other	500	500	500	500	500
Total own-source revenue	813	767	772	777	782
Gains					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	847	801	806	811	816
Net cost of/(contribution by) services	3,859	3,830	3,722	3,731	3,739
Revenue from Government	3,701	3,651	3,605	3,630	3,655
Surplus/(deficit) attributable to the Australian Government	(158)	(179)	(117)	(101)	(84)
Total comprehensive income/(loss)	(158)	(179)	(117)	(101)	(84)
Total comprehensive income/(loss) attributable to the Australian Government	(158)	(179)	(117)	(101)	(84)

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2014-15	2015-16	2016-17	2017-18	2018-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	158	179	117	101	84
Total comprehensive income/(loss) - as per the statement of comprehensive income	(158)	(179)	(117)	(101)	(84)

(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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	402	402	402	402	402
Trade and other receivables	3,555	3,503	3,545	3,587	3,639
Total financial assets	3,957	3,905	3,947	3,989	4,041
Non-financial assets					
Property, plant and equipment	250	142	113	109	105
Intangibles	32	41	32	15	16
Inventories	2	2	2	2	2
Other non-financial assets	10	10	10	10	10
Total non-financial assets	294	195	157	136	133
Assets held for sale					
Total assets	4,251	4,100	4,104	4,125	4,174
LIABILITIES					
Payables					
Suppliers	83	83	83	83	83
Other payables	164	52	40	30	31
Total payables	247	135	123	113	114
Provisions					
Employee provisions	428	481	530	581	632
Other provisions	217	225	229	229	228
Total provisions	645	706	759	810	860
Total liabilities	892	841	882	923	974
Net assets	3,359	3,259	3,222	3,202	3,200
EQUITY*					
Contributed equity	443	522	602	683	765
Reserves	62	62	62	62	62
Retained surplus (accumulated deficit)	2,854	2,675	2,558	2,457	2,373
Total Equity	3,359	3,259	3,222	3,202	3,200

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	2,854	62	-	443	3,359
Adjusted opening balance	2,854	62	-	443	3,359
Comprehensive income					
Surplus/(deficit) for the period	(179)	-	-	-	(179)
Total comprehensive income	(179)	-	-	-	(179)
of which:					
Attributable to the Australian Government	(179)	-	-	-	(179)
Transactions with owners					
<i>Distributions to owners</i>					
<i>Contributions by owners</i>					
Departmental Capital Budget (DCB)	-	-	-	79	79
Sub-total transactions with owners	-	-	-	79	79
Estimated closing balance as at 30 June 2016	2,675	62	-	522	3,259

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,701	3,651	3,605	3,630	3,655
Sale of goods and rendering of services	313	267	272	277	282
Other	632	556	500	500	500
Total cash received	4,646	4,474	4,377	4,407	4,437
Cash used					
Employees	3,599	3,284	3,097	3,145	3,193
Suppliers	1,138	1,190	1,240	1,222	1,192
Other	-	-	40	40	52
Total cash used	4,737	4,474	4,377	4,407	4,437
Net cash from/(used by) operating activities	(91)	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	134	79	80	81	82
Total cash used	134	79	80	81	82
Net cash from/(used by) investing activities	(134)	(79)	(80)	(81)	(82)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	134	79	80	81	82
Total cash received	134	79	80	81	82
Net cash from/(used by) financing activities	134	79	80	81	82
Net increase/(decrease) in cash held	(91)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	493	402	402	402	402
Cash and cash equivalents at the end of the reporting period	402	402	402	402	402

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	80	79	80	81	82
Total new capital appropriations	80	79	80	81	82
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	80	79	80	81	82
Total Items	80	79	80	81	82
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	134	79	80	81	82
TOTAL	134	79	80	81	82
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	134	79	80	81	82
Total cash used to acquire assets	134	79	80	81	82

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

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	L&B, IP&E held for sale \$'000	Total \$'000
As at 1 July 2015					
Gross book value	-	1,245	157	-	1,402
Accumulated depreciation/ amortisation and impairment	-	(995)	(124)	-	(1,119)
Opening net book balance	-	250	33	-	283
Capital asset additions					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity (a)	-	35	44	-	79
Total additions	-	35	44	-	79
Other movements					
Depreciation/amortisation expense	-	(143)	(36)	-	(179)
Total other movements	-	(143)	(36)	-	(179)
As at 30 June 2016					
Gross book value	-	1,280	201	-	1,481
Accumulated depreciation/ amortisation and impairment	-	(1,138)	(160)	-	(1,298)
Closing net book balance	-	142	41	-	183

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16, including CDABs.

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, 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
- supporting research and activities and statutory annual reporting.

It is anticipated the Commission's work in 2015-16 and the forward years will be integral to the national reform agenda. The Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research program. Commissioned projects currently underway and carrying over into 2015-16 include: public inquiries into the *Workplace Relations Framework; Barriers to Business Set-up, Transfer and Closure; and Migrant Intake into Australia*; and government commissioned studies into *Public Safety Mobile Broadband; Barriers to Growth in Australian Services Exports; and Mutual Recognition Schemes*.

The Commission is providing cross-jurisdictional reporting to the Council of Australian Governments (COAG) on performance of government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission is also undertaking data development, modelling and analysis to report on the economic impacts and benefits of COAG's agreed reform agenda.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. Its function is to receive and investigate complaints and provide advice to the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. The supporting research program currently includes work on: *Superannuation Policy in the Post-Retirement Phase*; *International Education Services*; and *Integrating Household Survey Data into a CGE Framework*. The Commission's most recent research publications include research papers on: *Housing Assistance and Employment in Australia*; *Australia's International Tourism Industry*; and *Examining Barriers to More Efficient Gas Markets*; and a staff working paper on *Productivity: Concepts and Measurement*. A full list of the Commission's research reports and staff working papers is provided on the Commission's website.

As outlined in the *Portfolio Additional Estimates Statements 2014-15* (page 103) the Commission will take over some functions of the National Water Commission, subject to the passage of the legislation.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Productivity Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual Available Appropriation 2014-15</i> \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Ordinary annual services (a)				
Departmental appropriation				
Prior year appropriations (b)	23,900	24,051	-	24,051
Departmental appropriation (c), (d)	34,118	-	33,744	33,744
s74 Retained revenue receipts (e)	1,036	-	1,036	1,036
Total net resourcing for the Productivity Commission	59,054	24,051	34,780	58,831

(a) Appropriation Bill (No. 1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$0.8m for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Departmental appropriation for 2014-15 excludes a quarantined amount (\$0.289m) relating to NWC functions as legislation is pending.

(e) Estimated Retained revenue receipts under section 74 of the PGPA Act.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The Commission does not have any budget measures for 2015-16.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective

Outcome 1 strategy

The Commission's activities derive from its statutory functions outlined in the *Productivity Commission Act 1998* and reported in detail in the annual report. The Commission aims to demonstrate its effectiveness by reporting annually on the relevance, quality, timeliness and cost-effectiveness of its activities.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 1: Productivity Commission		
Departmental expenses		
Departmental appropriation (a)	34,299	33,934
Expenses not requiring appropriation in the Budget year (b)	1,100	1,100
Total expenses for Outcome 1	35,399	35,034
	2014-15	2015-16
Average staffing level (number)	166	167

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.
 (b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and resources received free of charge (ANAO 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.

Contributions to Outcome 1

Programme 1.1: Productivity Commission

Programme objective

The Commission's objective is to contribute to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

Programme expenses

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

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses:					
Departmental item	34,299	33,934	34,056	33,401	32,606
Expenses not requiring appropriation in the Budget year (a)	1,100	1,100	1,100	1,080	1,080
Total programme expenses	35,399	35,034	35,156	34,481	33,686

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

Programme 1.1 deliverables

The Commission will deliver:

- public inquiry reports (for example, the inquiry report on Migrant Intake into Australia), and reports on other commissioned work (such as the study into Public Safety Mobile Broadband);
- government services performance reports including Australian Government or State or Territory service provision, key indicators of Indigenous disadvantage, and the Indigenous expenditure report;
- investigation of competitive neutrality complaints and associated activities such as research, advice and education; and
- annual reporting including the Trade and Assistance Review; Commission research and staff working papers prepared in support of the Commission's inquiry program and to contribute to better understanding of public policy issues; and associated activities such as submissions, conference reports and speeches delivered by the Chairman, Commissioners and Commission staff.

Programme 1.1 key performance indicators

The Commission aims to complete projects, reports and associated activities that are:

- high quality;
- useful to stakeholders; and
- timely.

Indicators of performance include:

- the Commission's work being widely referenced in public policy forums;
- projects and reports are completed in accordance with commissioned timelines; and
- independent and transparent processes are followed.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Commission does not have any administered funds.

3.1.2 Special accounts

The Commission does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

	<i>Approp Bill No. 1 \$'000</i>	<i>Approp Bill No. 2 \$'000</i>	<i>Special approp \$'000</i>	<i>Total approp \$'000</i>	<i>Other \$'000</i>	<i>Total \$'000</i>	<i>Programme</i>
Productivity Commission Outcome 1							
Departmental 2015-16	1,012	-	-	1,012	-	1,012	1.1
<i>Departmental 2014-15</i>	<i>990</i>	-	-	<i>990</i>	-	<i>990</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

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

The Commission is budgeting for a break-even result in 2015-16 and the forward years.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	27,348	27,151	26,779	26,267	26,466
Suppliers	6,984	6,815	7,308	7,165	6,170
Depreciation and amortisation	1,050	1,050	1,050	1,030	1,030
Finance costs	17	18	19	19	20
Total expenses	35,399	35,034	35,156	34,481	33,686
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,036	1,036	507	10	10
Total own-source revenue	1,036	1,036	507	10	10
Gains					
Other	50	50	50	50	50
Total gains	50	50	50	50	50
Total own-source income	1,086	1,086	557	60	60
Net cost of/(contribution by) services	34,313	33,948	34,599	34,421	33,626
Revenue from Government	33,263	32,898	33,549	33,391	32,596
Surplus/(deficit) attributable to the Australian Government	(1,050)	(1,050)	(1,050)	(1,030)	(1,030)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(1,050)	(1,050)	(1,050)	(1,030)	(1,030)
Total comprehensive income/(loss) attributable to the Australian Government	(1,050)	(1,050)	(1,050)	(1,030)	(1,030)

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**Note: Impact of net cash appropriation arrangements**

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	1,050	1,050	1,050	1,030	1,030
Total comprehensive income/(loss) - as per the statement of comprehensive income	(1,050)	(1,050)	(1,050)	(1,030)	(1,030)

(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 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 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	335	335	335	335	335
Trade and other receivables	24,507	24,577	22,094	22,377	23,039
Total financial assets	24,842	24,912	22,429	22,712	23,374
Non-financial assets					
Land and buildings	3,324	2,506	4,533	3,733	2,933
Property, plant and equipment	632	825	676	741	747
Intangibles	122	97	72	47	22
Other non-financial assets	275	275	275	275	275
Total non-financial assets	4,353	3,703	5,556	4,796	3,977
Total assets	29,195	28,615	27,985	27,508	27,351
LIABILITIES					
Payables					
Suppliers	415	415	415	415	415
Other payables	2,694	2,300	1,861	1,548	1,548
Total payables	3,109	2,715	2,276	1,963	1,963
Provisions					
Employee provisions	12,535	12,535	12,535	12,535	12,535
Other provisions	514	532	551	570	590
Total provisions	13,049	13,067	13,086	13,105	13,125
Total liabilities	16,158	15,782	15,362	15,068	15,088
Net assets	13,037	12,833	12,623	12,440	12,263

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EQUITY*					
Contributed equity	3,569	4,415	5,255	6,102	6,955
Reserves	2,771	2,771	2,771	2,771	2,771
Retained surplus (accumulated deficit)	6,697	5,647	4,597	3,567	2,537
Total Equity	13,037	12,833	12,623	12,440	12,263

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	6,697	2,771	-	3,569	13,037
Adjusted opening balance	6,697	2,771	-	3,569	13,037
Comprehensive income					
Surplus/(deficit) for the period	(1,050)	-	-	-	(1,050)
Total comprehensive income recognised directly in equity	(1,050)	-	-	-	(1,050)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	846	846
Total transactions with owners	-	-	-	846	846
Estimated closing balance as at 30 June 2016	5,647	2,771	-	4,415	12,833

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	33,112	32,828	36,032	33,108	31,934
Sale of goods and rendering of services	1,036	1,036	507	10	10
Total cash received	34,148	33,864	36,539	33,118	31,944
Cash used					
Employees	27,500	27,151	26,779	26,267	26,466
Suppliers	7,223	7,159	7,697	7,428	6,120
Total cash used	34,723	34,310	34,476	33,695	32,586
Net cash from/(used by) operating activities	(575)	(446)	2,063	(577)	(642)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	280	400	2,903	270	211
Total cash used	280	400	2,903	270	211
Net cash from/(used by) investing activities	(280)	(400)	(2,903)	(270)	(211)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	855	846	840	847	853
Total cash received	855	846	840	847	853
Net cash from/(used by) financing activities	855	846	840	847	853
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	335	335	335	335	335
Cash and cash equivalents at the end of the reporting period	335	335	335	335	335

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	855	846	840	847	853
Total new capital appropriations	855	846	840	847	853
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	280	400	840	270	211
<i>Other Items</i>	575	446	-	577	642
Total Items	855	846	840	847	853
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	280	400	2,697	270	211
Funded internally from departmental resources	-	-	206	-	-
TOTAL	280	400	2,903	270	211
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	280	400	2,903	270	211
Total cash used to acquire assets	280	400	2,903	270	211

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	4,921	1,029	754	6,704
Accumulated depreciation/amortisation and impairment	(1,597)	(397)	(632)	(2,626)
Opening net book balance	3,324	632	122	4,078
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	380	20	400
Total additions	-	380	20	400
Other movements				
Depreciation/amortisation expense	(818)	(187)	(45)	(1,050)
Total other movements	(818)	(187)	(45)	(1,050)
As at 30 June 2016				
Gross book value	4,921	1,409	774	7,104
Accumulated depreciation/amortisation and impairment	(2,415)	(584)	(677)	(3,676)
Closing net book balance	2,506	825	97	3,428

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16, including CDABs.

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 a sustainable world class Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas visitors.

Over the last year of the current three year strategic plan and in the context of the declining demand for circulating coin, the Mint's key strategies include:

- leveraging the developed in-house capability to produce innovative circulating and numismatic products;
- identify 'other' opportunities to fill the gap in Seigniorage caused by the decline in the demand for circulating coin;
- with the implementation of 'lean' as the driver of efficiency improvement reduction in cost and improved effectiveness;
- delivering in full and on time to all customers;
- maintaining the outstanding record for workplace health and safety, as well as the environmental conditions;
- continue to recognise the importance of staff; and
- continue to build brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the Government on coin-related issues.

In 2015-16, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

To ensure that Commonwealth resources are appropriately deployed, the Mint will implement the lean philosophy across the organisation to improve its operational efficiency and drive improvement. To deliver a safe and secure environment, the Mint will continue to invest in health and safety for its employees and maintain a high level of security.

The Mint will increase engagement with its employees to empower and motivate staff, invest in health and wellbeing activities, and conduct mentoring and leadership programmes.

With the decline in demand for circulating coin, Seigniorage is expected to fall over the next four years from the budgeted \$72 million in 2014-15. However, with the addition of the commercial 'pre-tax profit' and royalties (\$4.5 million in 2015-16) excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2015-16 as at Budget May 2015

	<i>Actual available appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Special accounts				
Opening balance (a)	6,571	-	7,012	7,012
Non-appropriation receipts to Special Accounts	147,126	-	156,525	156,525
Total special accounts	153,697	-	163,537	163,537
Total resourcing				
Total net resourcing for the Mint	153,697	-	163,537	163,537

(a) Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2. Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2015-16.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

The Mint's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the Mint in achieving government outcomes.

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia;
- produce appropriate circulating coins for foreign jurisdictions under commercial arrangements;
- maintain an appropriate level of Australian circulating coin;
- provide advice to the Treasury and government on coin related issues; and
- develop and produce high quality profitable numismatic products.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above:

- delivering an education programme through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and
- maintaining Australia's National Coin Collection.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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.		
Programme 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	33,712	46,742
Departmental expenses		
Special accounts	69,138	87,204
Total for programme 1.1	102,850	133,946
	2014-15	2015-16
Average staffing level (number)	228	219

Contributions to Outcome 1

Programme 1.1: Royal Australian Mint

Programme objective

To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.

Programme expenses

The costs of production, warehousing and distribution of minted circulating coin are dependent on the demand for circulating coin by Australian commercial banks and foreign jurisdictions whilst costs for numismatic products are driven by orders received from collectors.

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Special account expenses:					
Royal Australian Mint Special Account	33,712	46,742	44,378	42,052	39,630
Annual departmental expenses:					
Special account expenses:					
Royal Australian Mint Special Account	69,138	87,204	82,945	81,039	80,011
Total Programme expenses	102,850	133,946	127,323	123,091	119,641

Programme 1.1 deliverables

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;

- maintain minted Australian circulating coin inventory;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational programme to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Programme 1.1 key performance indicators

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- all numismatic sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programmes align with relevant school curriculums; and
- increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Mint does not have any movement of administered funds.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the *Public Governance, Performance and Accountability Act 2013* or under separate enabling legislation (section 80 of the *Public Governance, Performance and Accountability Act 2013* refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Mint.

Table 3.1.2: Estimates of special account flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Royal Australian Mint Special Account (D) 2015-16	1	7,012	156,525	158,421	-	5,116
Royal Australian Mint Special Account (D) 2014-15	1	6,571	147,126	146,685	-	7,012
Total special accounts 2015-16 Budget estimate		7,012	156,525	158,421	-	5,116
<i>Total special accounts 2014-15 estimated actual</i>		6,571	147,126	146,685	-	7,012

(D) = Departmental

3.1.3 Australian Government Indigenous expenditure

The Mint does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

The Mint does not have any material differences between entity resourcing and financial statements.

3.2.2 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 2015-16 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.2.1). 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.

A surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to rise from \$0.9 million in 2014-15 to \$6.0m in 2018-19 and will partly 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 \$72 million in 2014-15 (refer Table 3.2.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in Seigniorage returned to Commonwealth will be less significant.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	19,919	20,487	20,487	20,487	20,487
Suppliers	41,792	59,123	54,663	52,552	51,312
Depreciation and amortisation	4,363	4,321	4,451	4,585	4,723
Finance costs	64	54	45	34	23
Other expenses	3,000	3,219	3,299	3,381	3,466
Total expenses	69,138	87,204	82,945	81,039	80,011
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	67,818	89,488	86,407	85,331	84,593
Interest	840	1,000	1,000	1,000	1,000
Other	1,250	300	308	315	323
Total own-source revenue	69,908	90,788	87,715	86,646	85,916
Gains					
Other	130	130	130	130	130
Total gains	130	130	130	130	130
Total own-source income	70,038	90,918	87,845	86,776	86,046
Net cost of/(contribution by) services	(900)	(3,714)	(4,900)	(5,737)	(6,035)
Notional income tax expense	270	1,114	1,470	1,721	1,810
Total comprehensive income/(loss) attributable to the Australian Government	630	2,600	3,430	4,016	4,225

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	7,012	5,116	4,205	4,985	6,976
Trade and other receivables	25,134	28,134	31,611	35,182	38,944
Total financial assets	32,146	33,250	35,816	40,167	45,920
Non-financial assets					
Property, plant and equipment	42,101	42,379	43,332	42,506	41,021
Heritage and cultural	21,148	21,148	21,148	21,148	21,148
Intangibles	325	874	744	1,110	972
Inventories	43,210	43,210	43,210	43,210	43,210
Tax assets	1,050	1,050	1,050	1,050	1,050
Other non-financial assets	2,030	2,030	2,030	2,030	2,030
Total non-financial assets	109,864	110,691	111,514	111,054	109,431
Total assets	142,010	143,941	147,330	151,221	155,351
LIABILITIES					
Payables					
Suppliers	4,052	3,212	2,859	2,612	2,527
Tax liabilities	1,161	2,005	2,361	2,612	2,701
Other payables	5,205	5,205	5,205	5,205	5,205
Total payables	10,418	10,422	10,425	10,429	10,433
Interest bearing liabilities					
Leases	519	395	261	116	-
Total interest bearing liabilities	519	395	261	116	-
Provisions					
Employee provisions	5,695	5,130	5,203	5,201	5,201
Other provisions	431	447	464	482	499
Total provisions	6,126	5,577	5,667	5,683	5,700
Total liabilities	17,063	16,394	16,353	16,228	16,133
Net assets	124,947	127,547	130,977	134,993	139,218
EQUITY*					
Parent entity interest					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,446	21,446	21,446	21,446	21,446
Retained surplus (accumulated deficit)	25,598	28,198	31,628	35,644	39,869
Total parent entity interest	124,947	127,547	130,977	134,993	139,218
Total Equity	124,947	127,547	130,977	134,993	139,218

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	25,598	21,446	-	77,903	124,947
Adjusted opening balance	25,598	21,446	-	77,903	124,947
Comprehensive income					
Surplus/(deficit) for the period	2,600	-	-	-	2,600
Total comprehensive income	2,600	-	-	-	2,600
of which:					
Attributable to the Australian Government	2,600	-	-	-	2,600
Estimated closing balance as at 30 June 2016	28,198	21,446	-	77,903	127,547
Closing balance attributable to the Australian Government	28,198	21,446	-	77,903	127,547

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	6,058	-	2,332	2,502	2,448
Sale of goods and rendering of services	139,818	156,225	148,949	143,181	137,348
Other	1,250	300	308	315	323
Total cash received	147,126	156,525	151,589	145,998	140,119
Cash used					
Employees	19,318	21,027	20,389	20,462	20,462
Suppliers	50,607	62,585	60,294	58,435	57,226
Borrowing costs	48	38	28	17	5
Net GST paid	2,859	2,859	2,859	2,859	2,859
Net income tax paid	-	27	1,114	1,470	1,721
Other	72,000	66,737	62,542	57,850	52,755
Total cash used	144,832	153,273	147,226	141,093	135,028
Net cash from/(used by) operating activities	2,294	3,252	4,363	4,905	5,091
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,853	5,148	5,274	4,125	3,100
Total cash used	1,853	5,148	5,274	4,125	3,100
Net cash from/(used by) investing activities	(1,853)	(5,148)	(5,274)	(4,125)	(3,100)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase/(decrease) in cash held	441	(1,896)	(911)	780	1,991
Cash and cash equivalents at the beginning of the reporting period	6,571	7,012	5,116	4,205	4,985
Cash and cash equivalents at the end of the reporting period	7,012	5,116	4,205	4,985	6,976

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	1,903	5,148	5,274	4,125	3,100
TOTAL	1,903	5,148	5,274	4,125	3,100
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,903	5,148	5,274	4,125	3,100
less additions by creditors/borrowings	(50)	-	-	-	-
Total cash used to acquire assets	1,853	5,148	5,274	4,125	3,100

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Other property, plant and equipment \$'000	Heritage and cultural \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	50,382	21,148	4,785	76,315
Accumulated depreciation/ amortisation and impairment	(8,281)	-	(4,460)	(12,741)
Opening net book balance	42,101	21,148	325	63,574
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	4,473	-	675	5,148
Total additions	4,473	-	675	5,148
Other movements				
Depreciation/amortisation expense	(4,195)	-	(126)	(4,321)
Total other movements	(4,195)	-	(126)	(4,321)
As at 30 June 2016				
Gross book value	54,855	21,148	5,460	81,463
Accumulated depreciation/ amortisation and impairment	(12,476)	-	(4,586)	(17,062)
Closing net book balance	42,379	21,148	874	64,401

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Suppliers	32,016	45,004	42,597	40,226	37,758
Other expenses	1,696	1,738	1,781	1,826	1,872
Total expenses administered on behalf of Government	33,712	46,742	44,378	42,052	39,630
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	105,712	113,479	106,920	99,902	92,385
Total non-taxation revenue	105,712	113,479	106,920	99,902	92,385
Total own-source revenue administered on behalf of Government	105,712	113,479	106,920	99,902	92,385
Total own-sourced income administered on behalf of Government	105,712	113,479	106,920	99,902	92,385
Net cost of/(contribution by) services	(72,000)	(66,737)	(62,542)	(57,850)	(52,755)
Surplus/(deficit) before income tax	72,000	66,737	62,542	57,850	52,755
Income tax expense	-	-	-	-	-
Surplus/(deficit) after income tax	72,000	66,737	62,542	57,850	52,755
Total comprehensive income/(loss)	72,000	66,737	62,542	57,850	52,755

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Trade and other receivables	-	-	-	-	-
Total financial assets	-	-	-	-	-
Non-financial assets					
Inventories	12,723	12,723	12,723	12,723	12,723
Total non-financial assets	12,723	12,723	12,723	12,723	12,723
Assets held for sale					
Total assets administered on behalf of Government	12,723	12,723	12,723	12,723	12,723
LIABILITIES					
Payables					
Suppliers	7,227	7,227	7,227	7,227	7,227
Total payables	7,227	7,227	7,227	7,227	7,227
Total liabilities administered on behalf of Government	7,227	7,227	7,227	7,227	7,227
Net assets/(liabilities)	5,496	5,496	5,496	5,496	5,496

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	69,930	66,737	62,542	57,850	52,755
Total cash received	69,930	66,737	62,542	57,850	52,755
Net cash from/(used by) operating activities	69,930	66,737	62,542	57,850	52,755
Net increase/(decrease) in cash held	69,930	66,737	62,542	57,850	52,755
Cash and cash equivalents at beginning of reporting period					
Cash to Official Public Account for:					
- Special accounts	(69,930)	(66,737)	(62,542)	(57,850)	(52,755)
Total cash to Official Public Account	(69,930)	(66,737)	(62,542)	(57,850)	(52,755)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

The Mint has no administered capital budget.

Table 3.2.11: Statement of administered asset movements (Budget year 2015-16)

The Mint has no administered asset movements.

3.2.4 Notes to the financial statements

Departmental

Basis of accounting

The Mint's budgeted statements have been prepared on an accrual basis, in accordance with the historical cost convention except for some assets and liabilities that are at valuation and in accordance with:

- the Australian Government's financial budgeting and reporting framework; and
- Australian Accounting Standards.

Budgeted departmental income statement

Revenues

Revenue is derived from the production of circulating coins, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependent upon the demand for such products by the Australian financial institutions and the coin collecting market.

Expenses

Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave.

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives, using the straight-line method.

Other

Other expenses include the cost of goods sold.

Budgeted departmental balance sheet

Non-financial assets

Inventory

Inventories held for resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a portion of direct labour and overhead. All precious metals are purchased and brought to account at cost.

Provisions and payables

Employees

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

Asset valuation

Australian Government agencies are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation.

Administered

Seigniorage is collected by the Mint on behalf of the Australian Government. Seigniorage represents the difference between the face value of the coinage sold to the Australian financial institutions and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.