

1B. FINANCIAL AND FISCAL AFFAIRS

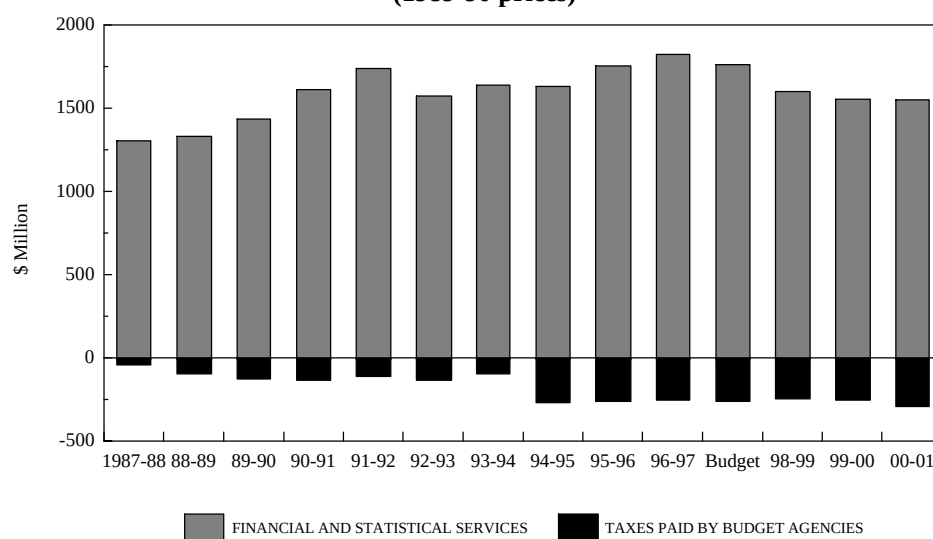
NATURE OF OUTLAYS

This function includes outlays on administrative processes of government covering tasks such as collecting taxes, collecting and reporting statistical information, raising and managing the public debt of the Commonwealth, overseeing disbursement and efficient use of public funds, auditing Commonwealth entities, supervising insurance and superannuation, and providing economic, financial and other policy advice to government.

This function includes outlays of the following portfolios:

- Treasury;
- Finance; and
- Industry, Science and Tourism.

**Chart 1. Overview of Commonwealth Outlays on
Financial and Fiscal Affairs
(1989-90 prices)**



TRENDS IN FINANCIAL AND FISCAL AFFAIRS OUTLAYS

Significant policy changes for the function in the period to 1996-97 were:

- a strengthening of the Australian Taxation Office (ATO) resource base, including introduction of the Tax File Number System from 1988-89, modernisation of systems commencing 1989-90, compliance enforcement from 1993-94, and debt management activities from 1994-95;
- additional funding for the Insurance and Superannuation Commission (ISC) for audit of superannuation funds and improved enquiry services from 1991-92, as well

as enhanced capacity for superannuation and insurance supervision from 1992-93; and

- taxes paid rose with the introduction from 1987-88 of Fringe Benefits Tax (FBT) and from 1990-91 of customs duty payable by Commonwealth departments and budget sector agencies. FBT payments increased significantly from 1994-95 as a result of legislation which effectively increased the FBT liability of departments and budget sector agencies from 48.25 per cent to around 93 per cent; the departments and agencies are tax exempt employers and therefore not eligible for tax deductions for any FBT costs.

Outlays show a moderate decline over the period of the forward estimates mainly due to the following items:

- a peak in outlays for the Australian Bureau of Statistics (ABS) in 1996-97 reflecting the 1996 Census of Population and Housing offset in part by significant census outlays expected in 2000-01;
- a winding down in the ATO's Modernisation Project; and
- higher receipts of FBT payments by Commonwealth departments and budget sector agencies (reducing outlays).

1997-98 AND FORWARD ESTIMATES

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
1B.1 Financial and Statistical Services	\$m	2111.3	2081.1	1940.0	1929.6	1974.1
	%		-1.4	-6.8	-0.5	2.3
1B.2 Taxes Paid by Budget Agencies	\$m	-282.2	-301.8	-284.1	-305.3	-366.1
	%		6.9	-5.9	7.5	19.9
TOTAL	\$m	1829.1	1779.3	1655.9	1624.3	1608.1
	%		-2.7	-6.9	-1.9	-1.0

1B.1 FINANCIAL AND STATISTICAL SERVICES

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Department of the Treasury	\$m	55.0	53.3	49.7	47.2	46.9
	%		-3.1	-6.8	-5.0	-0.6
Australian Taxation Office	\$m	1260.3	1295.3	1167.8	1149.3	1173.2
	%		2.8	-9.8	-1.6	2.1
Australian Bureau of Statistics	\$m	303.1	218.7	212.8	214.1	246.1
	%		-27.8	-2.7	0.6	14.9
Department of Finance	\$m	88.1	93.6	90.1	86.0	81.3
	%		6.2	-3.7	-4.6	-5.5
Australian National Audit Office	\$m	33.8	38.9	35.9	36.6	37.4
	%		15.1	-7.7	1.9	2.2
Australian Customs Service	\$m	330.3	344.3	348.2	360.8	353.3
	%		4.2	1.1	3.6	-2.1
Insurance & Superannuation Commission	\$m	40.7	37.0	35.6	35.6	35.9
	%		-9.1	-3.8	-	0.8
TOTAL	\$m	2111.3	2081.1	1940.0	1929.6	1974.1
	%		-1.4	-6.8	-0.5	2.3

Department of the Treasury is responsible for advising and assisting the Government in the management of the Australian economy.

Australian Taxation Office is responsible for ensuring the collection of revenue payable under the laws administered by the Commissioner of Taxation.

Australian Bureau of Statistics is responsible for the collection of statistics Australia wide including the five yearly Census of Population and Housing as well as other cyclical surveys.

Department of Finance is responsible for promoting efficient, effective and ethical financial management and accountability practices within Commonwealth agencies and value for money in the design and delivery of Commonwealth programmes. Payments relating to Commonwealth Superannuation Administration and the Office of Government Information Technology are also included against this item.

Australian National Audit Office (ANAO) is responsible for audits of Commonwealth departments and authorities. The ANAO charges fees for audits of financial statements of Commonwealth authorities and companies and those fee receipts are treated as offsets within outlays.

Australian Customs Service is involved in facilitating the movement of people and goods into and out of Australia, the delivery of industry assistance programmes and the collection of customs duty and excise.

Insurance and Superannuation Commission is responsible for prudential supervision of the insurance (including life insurance) and superannuation industries.

1B.2 TAXES PAID BY BUDGET AGENCIES

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Fringe Benefits Tax	\$m	-280.1	-299.7	-282.0	-303.1	-363.8
	%		7.0	-5.9	7.5	20.0
Customs Duty	\$m	-2.1	-2.1	-2.1	-2.2	-2.2
	%		-	-	4.8	-
TOTAL	\$m	-282.2	-301.8	-284.1	-305.3	-366.1
	%		6.9	-5.9	7.5	19.9

Taxes and levies received from budget sector agencies and classified as offsets within outlays are reported under this subfunction whereas the payments are reported under the functions to which the paying departments and agencies are classified. These items, combined with their offsets in other functions, have no net effect on aggregate budget outlays.