AUSTRALIAN TAXATION OFFICE

Section 1: Overview, Additional Estimates and Variations to Outcomes

OVERVIEW

There has been no change to the overview to that included in the 1999-2000 Portfolio Budget Statements.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in Departmental Appropriations of $118.066 million for the Australian Taxation Office.

GST — Exclusion of Food from GST

In May 1999, the Prime Minister announced a Post Budget Agreement concluded between the Government and the Australian Democrats on the exclusion of basic food from the GST.

Additional departmental appropriation of $60 million per year will be required by the Australian Taxation Office to cover increased administration costs arising from the partial removal of food from the GST base.

Diesel Fuel and Alternative Fuels Grant Scheme

The Government's A New Tax System (ANTS) initiatives included a reduction in the effective diesel excise paid by heavy on-road transport. As the result of a Post Budget Agreement reached between the Government and the Australian Democrats a restructured diesel fuel package will be adopted which addresses environmental issues.

The new arrangements will:

- Amend the Customs and Excise Act to implement changes to the Diesel Fuel Rebate Scheme and extend both the range of eligible uses and magnitude of benefits available under the Scheme, and

- Introduce the *Diesel and Alternative Fuels Grants Scheme Act 1999* which will provide a grant for certain on-road transport. The grant will be available for the use of diesel fuel, and also the use of other fuel alternatives to diesel fuel.

The cost of implementing the new arrangements will require an increase in departmental appropriations of $43.720 million and an equity injection of $20.0 million in 1999-00.

IT Outsourcing Effect on ANTS initiatives announced at Budget

The recent announcement of the outsourcing of the ATO's IT infrastructure has resulted in a reduction in equity of $12.988 million and an increase in departmental appropriation of $6.5 million in 1999-00.

IT Outsourcing Effect on the GST initiative

The recent announcement of the outsourcing of the ATO's infrastructure has resulted in a reduction in equity of $18.177 million and an increase in departmental appropriation of $10.274 million in 1999-00.

Interest Revenue

The estimated interest revenue relating to devolved banking has been revised and this has led to an increase in departmental appropriations of $3.153 million in 1999-00.

Capital User Charge

The movements between equity and appropriations has led to a reduction in required supplementation of Capital User Charge of $5.581 million in 1999-00.

1998-99 Carryover

The carryover from 1998-99 of $24.260 million is included as an equity injection.

Australian Taxation Office

Commissioner: Mr Michael Carmody

Overall Outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

Outcome 1

Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system

Output Group 1.1

Australian Taxation Office

Total Price of Outputs: $3,353.81 million
Agency Outcomes Appropriation: $1,633.81 million
Total Administered Expenses: $ 1,720.20 million

Output 1.1.1

Contribute to policy advice and legislation

Output 1.1.2

Provide revenue

Output 1.1.3

Provide transfers

Output 1.1.4

Support other agencies

Australian Taxation Office — Appropriations 1999-2000

Table 1.1: Summary of Measures since the 1999-2000 Budget

Measure	Outcome	Output Groups Affected	Appropriations ($'000) 1999-2000			Appropriations ($'000) 2000-2001			Appropriations ($'000) 2001-2002			Appropriations ($'000) 2002-2003		
			Admin Expenses	Agency Outputs	Total	Admin Expenses	Agency Outputs	Total	Admin Expenses	Dept Outputs	Total	Admin Expenses	Dept Outputs	Total
GST — exclusion of food from GST — expense	1	1.1	—	60,000	60,000	—	60,000	60,000	—	60,000	60,000	—	60,000	60,000
Diesel fuel and alternative fuels grant scheme — expense	1	1.1	—	43,720	43,720	670,654	87,035	757,689	701,995	90,176	792,171	744,170	90,176	834,346
Diesel fuel and alternative fuels grant scheme — Capital	1	1.1	—	20,000	20,000	—	—	—	—	—	—	—	—	—

Breakdown of Additional Estimates by Appropriations Bill

Table 1.2: Appropriation Bill (No 3) 1999-2000

	1998-99 Estimated Expenses $'000	1999-00 Budget $'000	1999-00 Revised $'000	Additional Estimates $'000	Reduced Estimates $'000
Departmental Outputs					
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	1,166,619	1,515,746	1,633,812	118,066	—
Total	1,166,619	1,515,746	1,633,812	118,066	—

Table 1.3: Appropriation Bill (No 4) 1999-2000

	1998-99 Estimated Expenses $'000	1999-00 Budget $'000	1999-00 Revised $'000	Additional Estimates $'000	Reduced Estimates $'000
Equity Injections and Loans					
Equity Injections	—	99,734	88,569	—	(11,165)
Loans	—	—	—	—	—
Carryover from previous years	—	—	24,260	24,260	—
Administered Capital	—	—	—	—	—
Total	—	99,734	112,829	24,260	(11,165)

The Underlying Outlays for 1998-99 is $2,162 million.

Note: Underlying outlays is a cash concept and, as this figure is cash, it is not directly comparable with the other accrual figures in this document. This information is being provided to give additional information to support the transition from cash to accrual budgeting.

Table 1.4: Staff Years (Number)

	1999-00 Budget	1999-00 Revised	Variation
Outcome 1	16,289	16,608	319

Section 2: Revisions to Outcomes and Outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Taxation Office (ATO) has not made any changes to its outcome or outputs since the 1999-2000 Portfolio Budget Statements.

REVISED PERFORMANCE INFORMATION AND LEVEL OF ACHIEVEMENT — 1999-2000

The ATO has not made any changes to its Performance Information since the 1999-2000 Portfolio Budget Statements.

Section 3: Budget Financial Statements

The budget financial statements will form the basis of the financial statements that will appear in the Australian Taxation Office 1999-2000 Annual Report, and form the basis for the input into the Whole of Government Accounts.

Budget Statement of Revenues and Expenses (Budget Operating Statement)

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

Budget Statement of Assets and Liabilities (Budget Balance Sheet)

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

Budget Cash Flow Statement

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

Capital Budget

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

Table 3.1: Budget Statement of Revenue and Expenses

	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Revenue and Expenses					
Revenues					
Revenue from government					
Ordinary annual appropriations (net appropriations)	1,149,507	1,633,812	1,701,407	1,600,953	1,586,961
Revenue from other sources					
Sales of goods and services	45,106	79,417	78,382	75,591	73,524
Other revenue from other sources	—	2,500	2,500	2,500	2,500
Total Revenue	1,194,613	1,715,729	1,782,289	1,679,044	1,662,985
Expenses					
Employees	795,583	1,048,581	1,049,526	1,001,026	988,715
Depreciation and amortisation	62,598	57,084	96,034	113,295	125,315
Other costs of providing goods and services	485,185	599,651	628,186	549,180	506,945
Other	283	45	45	45	45
Total Expenses	1,343,649	1,705,361	1,773,791	1,663,546	1,621,020
Extraordinary Item	(13,794)	—	—	—	—
Operating Result Before Capital User Charge	(135,242)	10,368	8,498	15,498	41,965
Capital User Charge	—	—	2,331	7,037	14,387
Accumulated Results at Year End	(135,242)	10,368	6,167	8,461	27,578
Net contribution to government					
Administered Revenue and Expenses					
Revenue					
Income tax	106,738,865	109,359,308	111,115,861	115,265,139	122,932,299
Sales tax **	15,215,131	16,308,281	2,106,509	841,000	877,000
Excise duty **	8,402,528	18,421,793	18,502,931	19,290,548	20,123,305
Other taxes fees and fines	3,624,403	3,629,939	3,980,019	4,240,277	4,399,898
Other sources of non-taxation revenue	99,426	502,000	502,000	452,000	442,000
Appropriations*	1,116,394	1,720,200	2,948,622	3,078,930	3,254,286
Total Revenue	135,196,747	149,941,521	139,155,941	143,167,894	152,028,788

Table 3.1: Budget Statement of Revenue and Expenses (continued)

	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Expenses					
Net write-down of assets	295,545	626,000	566,000	596,000	613,000
Other goods and services expenses	73,817	160,200	830,854	862,195	904,370
Total Expenses	369,362	786,200	1,396,854	1,458,195	1,517,370
Operating Result	134,827,385	149,155,321	137,759,087	141,709,699	150,511,418
Abnormal items					
Adjusted Operating Result	134,827,385	149,155,321	137,759,087	141,709,699	150,511,418
Transfer from Capital	2,541	—	—	—	—
Cash transfer to consolidated revenue	(130,762,571)	(148,396,321)	(133,161,087)	(143,453,699)	(152,099,418)
Accumulated results after transfers	4,067,355	759,000	4,598,000	(1,744,000)	(1,588,000)

* The diesel fuel rebate appropriation in 1998-99 is for the period from 20 October 1998.

** Refundable payments have been included from 1999-00.

Table 3.2: Budget Statement of Assets and Liabilities

	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Assets and Liabilities					
Debt					
Loans	500	499	499	499	499
Leases	53,218	44,560	35,643	27,370	2,0253
Total Debt	53,718	45,059	36,142	27,869	20,752
Provisions and Payables					
Employees	293,894	309,521	332,544	348,644	364,809
Suppliers	39,071	64,071	64,020	64,020	64,020
Total Provisions and Payables	332,965	373,592	396,564	412,664	428,829
Equity					
Accumulated results	(154,197)	(143,829)	(137,662)	(129,201)	(101,623)
Reserves	(6,173)	(548)	5,077	10,702	16,327
Capital	24,260	112,829	152,337	174,157	196,620
Total Equity	(136,110)	(31,548)	19,752	55,658	111,324
Total Liabilities and Equity	250,573	387,103	452,458	496,191	560,905
Financial Assets					
Cash	32,815	38,047	122,518	200,836	332,567
Receivables	25,205	10,475	10,475	10,760	11,045
Accrued revenue	—	—	100	100	100
Other financial assets	3,040	3,016	2,992	2,498	2,292
Total Financial Assets	61,060	51,538	136,085	214,194	346,004
Non-financial Assets					
Land and Buildings	1,490	1,466	1,442	1,418	1,393
Infrastructure, plant and equipment	90,795	114,433	90,263	85,545	60,636
Intangibles	83,358	205,716	210,668	181,034	138,872
Other	13,870	13,950	14,000	14,000	14,000
Total Non-financial Assets	189,513	335,565	316,373	281,997	214,901
Total Assets	250,573	387,103	452,458	496,191	560,905
Administered Assets and Liabilities					
Provisions and payables					
Other	209,997	209,997	209,997	209,997	209,997
Total provisions and payables	209,997	209,997	209,997	209,997	209,997
Equity					
Total accumulated results	4,453,037	5,212,037	9,810,037	8,066,037	6,478,037
Total capital	—	—	—	—	—
Total Equity	4,453,037	5,212,037	9,810,037	8,066,037	6,478,037
Total Liabilities and Equity	4,663,034	5,422,034	10,020,034	8,276,034	6,688,034

Table 3.2: Budget Statement of Assets and Liabilities (continued)

	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Financial assets					
Cash	541,415	541,415	541,415	541,415	541,415
Receivables	4,119,078	4,878,078	9,476,078	7,732,078	6,144,078
Investments	2,541	2,541	2,541	2,541	2,541
Total financial assets	4,663,034	5,422,034	10,020,034	8,276,034	6,688,034
Total assets	4,663,034	5,422,034	10,020,034	8,276,034	6,688,034

Table 3.3: Budget Cash Flow Statement

	Estimated Actual	Revised Budget		Estimated	
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Agency Cash Flows					
Operating Activities					
Cash Received					
Appropriations	1,253,342	1,633,812	1,701,407	1,600,953	1,586,961
Sales of goods and services	43,954	62,779	61,588	58,639	56,572
Interest	—	2,500	2,500	2,500	2,500
Other	—	—	50	50	50
Total Cash Received	1,297,296	1,699,091	1,765,545	1,662,142	1,646,083
Cash Used					
Employees	798,421	1,025,233	1,017,798	975,296	962,503
Suppliers	410,023	577,188	630,588	551,363	508,260
Other	—	100	—	—	—
Total Cash Used	1,208,444	1,602,521	1,648,386	1,526,659	1,470,763
Net Cash from Operating Activities	88,852	96,570	117,159	135,483	175,320
Investing Activities					
Cash Received					
Proceeds from sale of property, plant and equipment	1,035	15,000	—	—	—
Other	5,960	—	—	—	—
Total Cash Received	6,995	15,000	—	—	—
Cash Used					
Purchase of property, plant and equipment	75,065	194,907	69,865	71,948	51,663
Total Cash Used	7,5065	194,907	69,865	71,948	51,663
Net Cash from Investing Activities	(68,070)	(179,907)	(69,865)	(71,948)	(51,663)
Financing Activities					
Cash Received					
Capital Injections	—	88,569	39,508	21,820	22,463
Total Cash Received	—	88,569	39,508	21,820	22,463
Cash Used					
Capital user charge paid	—	—	2,331	7,037	14,387
Repayment of borrowings	13,768	—	—	—	—
Total Cash Used	13,768	—	2,331	7,037	14,387
Net Cash from Financing Activities	(13,768)	88,569	37,177	14,783	8,076
Net increase/decrease in cash held	7,014	5,232	84,471	78,318	131,733
Add cash as at 1 July	25,801	32,815	38,047	122,518	200,836
Cash as at 30 June	32,815	38,047	122,518	200,836	332,567

Table 3.3: Budget Cash Flow Statement (continued)

	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Administered cash flows					
Taxes fees and fines	130,911,453	147,954,321	132,599,087	143,001,699	151,657,418
Cash received					
From appropriations	1,116,394	1,720,200	2,948,622	3,078,930	3,254,286
Other	62,580	442,000	562,000	452,000	442,000
Total cash received	132,090,426	150,116,521	136,109,709	146,532,629	155,353,704
Cash used					
Cash to the Consolidated Revenue Fund	130,762,571	148,396,321	133,161,087	143,453,699	152,099,418
Other	1,116,394	1,720,200	2,948,622	3,078,930	3,254,286
Total cash used	131,878,964	150,116,521	136,109,709	146,532,629	155,353,704
Net cash from operating activities	211,462	—	—	—	—
Cash at the end of reporting period	541,415	541,415	541,415	541,415	541,415

CAPITAL BUDGET

Table 3.4: Capital Budget

Capital Appropriations	Estimated Actual	Revised Budget	Estimated		
	1998-99 $'000	1999-00 $'000	2000-01 $'000	2001-02 $'000	2002-03 $'000
Total Equity Injections	—	88,569	39,508	21,820	22,463
Previous year's carryover	—	24,260	—	—	—
Total Capital Appropriations	—	112,829	39,508	21,820	22,463
Represented by:					
Purchase of non-current assets	—	191,743	65,427	65,516	23,813
Other Items	—	24,260			
Total	—	216,003	65,427	65,516	23,813
Purchase of Non-current assets					
Funded by Capital Appropriation	—	88,569	39,508	21,820	22,463
Funded Internally by Departmental resources	—	103,174	25,919	43,696	1,350
Total	—	191,743	65,427	65,516	23,813

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Agency Statements

Details of Agency items in the financial statements included in Table 3.1 to 3.4 have been prepared in accordance with Schedule 2 of the Finance Minister's Orders for 1997-98.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Cost of Administering Goods and Services Tax

Agency statements for 1999-00 and forward years include the estimated reduction in required equity injection and the increase in appropriations as a result of the outsourcing of the ATO's IT infrastructure.

Costs of Administering Other Tax Reform Proposals

Agency statements for 1999-00 and forward years include the estimated reduction in required equity injection and the increase in appropriations as a result of the outsourcing of the ATO's IT infrastructure.

Operating Loss 1998-99

The ATO's operating loss for 1998-99 was contributed to by several factors including:

	$m
Depreciation and Amortisation	62.8
Asset write off and losses	6.2
EDS sale loss	41.2
Non recovery of CSA costs	10.4
Profit on restructure	-13.8
Other	28.4
Total	135.2

Notes to the Administered Statements

Details of Administered items in the financial statements included in Table 3.1 to 3.3 have been prepared in accordance with Schedule 2 of the Finance Minister's Orders for 1997-98. These statements incorporate a change in revenue recognition policy from prior years. A detailed explanation of the revenue recognition policy can be found in the Portfolio Budget Statements 1999-00.

Appendix 1

Non-Appropriation Agency and Administered Revenue

	Actual Revenue	Estimated Revenue
	1998-99 **$'000**	**1999-00** **$'000**
External Agency Revenue	45,106	81,917
Total Taxation Revenue	133,980,927	147,719,321
Superannuation Guarantee (Administration) Act 1992 — Shortfalls, penalties and fines	86,722	80,000
Miscellaneous receipts	12,704	12,000
Superannuation Industry (Supervision) Act 1993 — Unclaimed moneys	83	200
GST administration charged to States	—	410,000
Total Estimated Revenue	134,125,542	148,303,438

Appendix 2

Estimates of Expenses from Special Appropriations

	Actual Expenses 1998-99 $'000	Estimated Expenses 1999-00 $'000
Refunds of Receipts — *Taxation Administration Act 1953*	10,363,999	11,281,714
Less amount of Refunds deducted from Receipts items	(10,363,999)	(11,281,714)
Diesel fuel rebate	1,027,230	1,560,000
Superannuation Guarantee (Administration) Act 1992 — Distribution of Charges	77,370	40,000
Superannuation Industry (Supervision) Act 1993 — Repayments of unclaimed moneys	83	200
Taxation Administration Act 1953 — Taxation (Interest on Overpayments and Early Payments) Act 1983	50,911	120,000
Total Estimated Expenses	1,155,594	1,720,200