

PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS

2001-02

TREASURY PORTFOLIO

© Commonwealth of Australia 2002

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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 President
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2001-02 Additional Estimates for the Treasury Portfolio.

These statements have been developed, and are submitted to the parliament, as a statement on the funding requirements being sought for the portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P Costello'.

Peter Costello

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PART A

User Guide

INTRODUCTION

The purpose of the Treasury Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements, is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. They also facilitate understanding of the proposed appropriations in Appropriation Bills (Nos 3 and 4) 2001-02.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

Part A: User guide

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

Part B: Portfolio overview

Provides an overview of the portfolio. The structure of the portfolio outcomes is depicted in a chart that outlines the structure of the outcomes to which the portfolio contributes.

Part C: Agency additional estimates statements

For each agency within the portfolio that has an impact on additional estimates a statement is presented under the name of the agency.

Section 1: Agency overview, additional estimates and variations to outcomes

This section details the link between the resources appropriated and savings and their application to the outputs, which contribute, to the achievement of outcomes and the impact of any post Budget measures.

Section 2: Revisions to outcomes and outputs

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

Section 3: Budgeted financial statements

This section contains the four budgeted financial statements in accrual format covering budget year, previous year and the three outyears for each agency.

Part A: User Guide

Appendices 1 and 2

This section is presented for those agencies that have changes to its departmental and administered revenue (excluding revenue directly appropriated) which are a direct result of additional estimates, or changes to its estimates of expenses from Special Appropriations.

Glossaries are provided at the end of the document.

STYLES AND CONVENTIONS USED

(a) The following notations may be used:

- nil

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

ENQUIRIES

Should you have any enquiries regarding this publication please contact Mr Tony Murcutt, Manager, Budget Accounting in the Department of the Treasury on (02) 6263 2111.

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

PART B

Portfolio Overview

PORTFOLIO OVERVIEW

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 which seeks to promote a sound macroeconomic environment; effective government spending and taxation arrangements; and well functioning markets. It also entails the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The **Department of the Treasury** produces outputs directed at the achievement of the foregoing outcomes under three output groups — Economic, Budget and Markets.

- Economic group outputs include: domestic economic policy advice and forecasting; and international economic policy advice and assessment.
- Budget group outputs include: budget policy advice and coordination; Commonwealth-State financial policy advice; industry policy advice; taxation and income support policy advice; and actuarial services.
- Markets group outputs include: foreign investment policy advice and administration; financial system and markets policy advice; and business and consumer policy advice. In addition, the Royal Australian Mint is responsible for producing Australia's circulating coin and like products.

The **Australian Bureau of Statistics (ABS)** is Australia's official statistical agency. Outputs are directed at informed decision making, research and discussion within governments and the community, based on the provision of a high quality, objective and responsive national statistical service. Its outputs principally relate to the production of economic, population and social statistics.

The **Australian Competition and Consumer Commission (ACCC)** outputs are directed at enhanced social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Outputs include: the proper administration and enforcement of the Trade Practices Act, the Prices Surveillance Act and related laws; and the performance of actions that promote competition and fair trading and enable well functioning markets.

The **Australian Office of Financial Management (AOFM)** is responsible for the management of the Commonwealth's net debt portfolio. Its output — debt management — is directed at ensuring that Commonwealth debt is raised, managed and retired at the lowest possible long-term cost, consistent with an acceptable degree of risk exposure.

The **Australian Prudential Regulation Authority (APRA)** is the financial supervisor responsible for prudentially regulating the banking, other deposit-taking, insurance and superannuation industries. Outputs aim at enhanced public confidence in

Part B: Portfolio Overview

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 (ASIC)** is the independent government body that enforces and administers the Corporations Law and Consumer Protection Law for investments, life and general insurance, superannuation and banking (except lending). Its outputs aim at a fair and efficient financial market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers. Outputs include: policy and guidance about the laws administered by ASIC; comprehensive and accurate information on companies and corporate activity; enforcement activity to give effect to the laws administered by ASIC; and compliance monitoring relating to the Corporations Law.

The **Australian Taxation Office (ATO)** outputs are directed at effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the taxation system. Its major outputs relate to providing revenue to government, providing transfers and contributing to policy advice and legislation.

The **Companies and Securities Advisory Committee (CASAC)** outputs are directed at confident and informed participation of investors and consumers in the financial system. Outputs include: recommendations to the responsible Minister on the Corporations Law; and the annual report, discussion papers and reports of the Committee.

The **National Competition Council (NCC)** is an independent advisory body for all Australian governments involved in implementing the National Competition Policy. Its outputs are aimed at the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. Outputs include: advice to governments on competition policy and infrastructure access issues; and clear, accessible public information on competition policy.

The **Productivity Commission (PC)** contributes 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. Outputs include or relate to: government-commissioned projects; performance reporting and other services to government bodies; regulation review activities; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

Additional estimates and variations — portfolio level

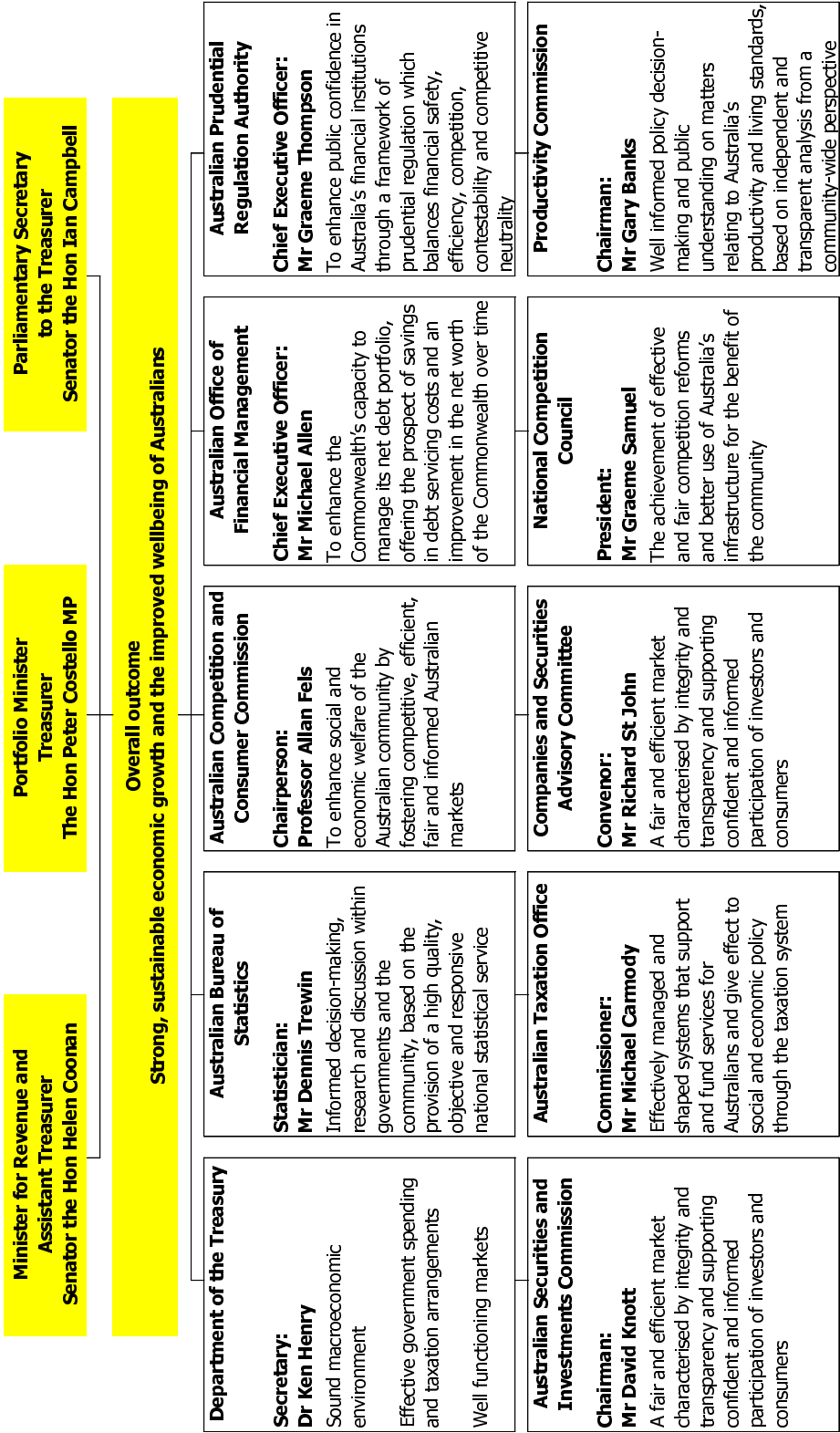
Additional estimates are being sought for the Department of the Treasury, the Australian Office of Financial Management, the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the Australian Taxation Office. The Australian Office of Financial Management is also returning a

saving. Explanations of variations for agencies are detailed in their respective sections in the PAES.

There are no additional estimates variations for the Australian Bureau of Statistics, the Australian Competition and Consumer Commission, the Companies and Securities Advisory Committee, The National Competition Council and the Productivity Commission.

There has been no other variation to outcomes or outputs since the 2001-02 Budget.

Map 1: Structure of outcomes for the portfolio



PART C

Agency Additional Estimates Statements

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DEPARTMENT OF THE TREASURY

Section 1: Overview, variations and measures

OVERVIEW

There has been no significant change to the overview included in the 2001-02 Portfolio Budget Statements (page 7).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Department of the Treasury is seeking \$5.6 million in departmental outputs for HIH related expenses (\$5 million) and for a review of competition provisions of the Trade Practices Act (\$0.6 million) in Appropriation Bill (No. 3) 2001-02.

The Department of the Treasury is also seeking \$194.998 million in administered expenses for the additional First Home Owners Scheme in Appropriation Bill (No. 4) 2001-02 and \$0.179 million in Administered Capital associated with foreign exchange rate movements in Appropriation Bill (No. 4) 2001-02.

Explanations for these variations are detailed below.

MEASURES

Outcome 2 — Effective government spending and taxation arrangements

	2001-02	2002-03	2003-04	2004-05
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outcome 2				
Phase-down of the additional First Home Owners				
Grant for new homes	15,000	30,000	5,000	-

Phase-down of the additional First Home Owners Grant for new homes

On 17 December 2001, the Government announced that the additional \$7,000 First Home Owners Grant for new homes (applying to contracts made between 9 March 2001 and 31 December 2001) would be phased-down at a rate of \$3,000 for contracts made between 1 January 2002 and 30 June 2002. The Government also announced more liberal commencement and completion requirements for the additional grant.

This measure is expected to cost \$50 million over three years.

Outcome 3 — Well functioning markets

	2001-02	2002-03	2003-04	2004-05
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outcome 3				
Review of competition provisions under the Trade Practices Act	600	-	-	-

Review of competition provisions under the Trades Practice Act

The Government announced on 15 October 2001 an independent review of the competition provisions of the *Trade Practices Act 1974* and their administration. The \$0.6 million will assist Treasury in establishing the review.

OTHER VARIATIONS TO APPROPRIATIONS

Departmental

Treasury is seeking an additional \$5 million for HIH related expenses following the collapse of HIH. The government has agreed to provide additional funds for HIH related expenses including for press advertisements, and the establishment of a call centre and Internet site to advise and assist policyholders on their eligibility for assistance. This results in additional funding for departmental outputs in Appropriation Bill (No. 3) 2001-02 of \$5 million.

Administered

Treasury is seeking an additional \$179.998 million for the Additional First Home Owners Scheme (FHOS) as a result of greater than anticipated demand for the program. The Government agreed to fund all expenditure on the additional FHOS incurred by the States and Territories as a result of the Government's decision to increase the FHOS grant from \$7,000 to \$14,000 for eligible first home owners contracting between 9 March 2001 and 31 December 2001 to buy or build new homes. This was originally estimated to cost \$90 million in 2001-02.

As a result of this and the phase-down measure, additional funds of \$194.998 million are required under Appropriation Bill (No.4) 2001-02.

As a result of exchange rate movements additional funds of \$0.179 million are required to cover payments to the European Bank for Reconstruction and Development (EBRD) and the Multilateral Investment Guarantee Agency (MIGA). This results in additional funding of \$0.179 million for Administered Capital in Appropriation Bill (No. 4) 2001-02.

Map 2: Outcomes and output groups for the agency

Department of the Treasury

Secretary: Dr Ken Henry

Total price of outputs:	\$121.2 million
Departmental outcomes appropriation:	\$87.4 million
Total administered appropriations:	\$31,619.5 million

Overall outcome	
Strong, sustainable economic growth and the improved wellbeing of Australians	
Outcome 1	Outcome 2
Sound macroeconomic environment Total price of outputs: \$20.7 million Dept outputs appropriation: \$20.2 million Administered appropriations: \$37.5 million	Effective government spending and taxation arrangements Total price of outputs: \$36.7 million Dept outputs appropriation: \$34.9 million Administered appropriations: \$31,422.2 million
Outcome 3	
Well functioning markets Total price of outputs: \$63.8 million Dept outputs appropriation: \$32.3 million Administered appropriations: \$159.9 million	
Output Group 1.1	Output Group 2.1
Economic Output 1.1.1 Domestic economic policy advice and forecasting Output 1.1.2 International economic policy advice and assessment Output 1.1.3 Budget policy advice and coordination	Budget Output 2.1.3 Industry policy advice Output 2.1.4 Taxation and income support policy advice Output 2.1.5 Actuarial services
Output Group 3.1	Output Group 3.1
Markets Output 3.1.1 Foreign investment policy advice and administration Output 3.1.2 Financial system and markets policy advice Output 3.1.3 Business and consumer policy advice Output 3.1.4 Circulating coin and like products	

MEASURES: AGENCY SUMMARY

Table 1.1: Summary of measures since the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations 2001-02 (\$'000)			Appropriations 2002-03 (\$'000)			Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Phase-down of the additional First Home Owners Grant for new homes	2	2.2	15,000	-	15,000	30,000	-	30,000	5,000	-	5,000	-	-	-
Review of competition provisions under the Trade Practices Act	3	3.2	-	600	600	-	-	-	-	-	-	-	-	-
Total			15,000	600	15,600	30,000	-	30,000	5,000	-	5,000	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL**Table 1.2: Appropriation Bill (No. 3) 2001-02**

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 2					
Effective government spending and taxation arrangements	10,063	-	-	-	-
Outcome 3					
Well functioning markets	16,000	12,000	12,000	-	-
Total	26,063	12,000	12,000	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Sound macroeconomic environment	18,582	18,423	20,239	1,816	-
Outcome 2					
Effective government spending and taxation arrangements	29,064	36,002	34,909	(1,093)	-
Outcome 3					
Well functioning markets	26,534	27,384	32,261	4,877	-
Total	74,180	81,809	87,409	5,600	-
Total Administered and Departmental	100,243	93,809	99,409	5,600	-

Note: Variations of Additional Estimates between outcomes are a result of internal reallocations.

Table 1.3: Appropriation Bill (No. 4) 2001-02

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
Outcome 2					
Effective government spending and taxation arrangements	13,500	104,200	299,198	194,998	-
Outcome 3					
Well functioning markets	139,266	147,900	147,900	-	-
Total	152,766	252,100	447,098	194,998	-
Equity injections and loans					
Administered capital	17,784	9,683	9,862	179	-
Total	170,550	261,783	456,960	195,177	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	Total approp 2001-02 budget \$'000	Total approp 2001-02 revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
Outcome 1					
Sound macroeconomic environment	18,423	20,239	477	504	27
Outcome 2					
Effective government spending and taxation arrangements	36,002	34,909	2,109	1,749	(360)
Outcome 3					
Well functioning markets	27,384	32,261	31,011	31,557	546
Total	81,809	87,409	33,597	33,810	213

Note: Variations of non-government revenue between outcomes are a result of revised estimates and internal reallocations.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There has been no change to Treasury's outcomes and output groups.

Outcome 1 — Sound macroeconomic environment

Revised performance information and level of achievement — 2001-02

The variation in funding is to a pre-existing output that will not affect the performance information under Outcome 1 since the 2001-02 Portfolio Budget Statements (page 15).

Outcome 2 — Effective government spending and taxation arrangements

Revised performance information and level of achievement — 2001-02

The variation in funding is to a pre-existing output that will not affect the performance information under Outcome 2 since the 2001-02 Portfolio Budget Statements (page 21).

Outcome 3 — Well functioning markets

Revised performance information and level of achievement — 2001-02

The variation in funding is to a pre-existing output that will not affect the performance information under Outcome 3 since the 2001-02 Portfolio Budget Statements (page 26).

Section 3: Budgeted Financial Statements

Budgeted departmental statement of financial performance

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

Budgeted departmental statement of financial position

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

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of 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.

Departmental capital budget statement

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

**Table 3.1: Budgeted departmental statement of financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenues from ordinary activities					
Revenue from government	74,180	87,409	74,985	77,514	76,515
Sales of goods and services	51,632	32,386	32,596	32,584	32,584
Interest	1,045	730	730	730	730
Net gains from sales of assets	-	44	46	47	47
Other	282	650	659	670	670
Total revenues from ordinary activities	127,139	121,219	109,016	111,545	110,546
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	47,111	52,794	53,504	54,584	53,209
Suppliers	65,587	62,867	50,042	51,357	51,115
Depreciation and amortisation	4,196	3,275	3,332	3,496	4,122
Net losses from sales of assets	300	-	-	-	-
Other	3,211	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	120,405	118,936	106,878	109,437	108,446
Borrowing cost expense	1,097	602	602	602	602
Net surplus or deficit from ordinary activities	5,637	1,681	1,536	1,506	1,498
Company tax expense equivalent	(79)	-	-	-	-
Net surplus or deficit	5,558	1,681	1,536	1,506	1,498
Net debit to asset revaluation reserve	(1,501)	-	-	-	-
Net surplus or deficit	4,057	1,681	1,536	1,506	1,498

**Table 3.2: Budget departmental statement of financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	4,823	9,156	9,736	8,772	8,453
Receivables	6,027	5,341	5,139	5,146	5,154
Investments	13,675	9,500	9,500	9,500	9,500
Total financial assets	24,525	23,997	24,375	23,418	23,107
Non-financial assets					
Infrastructure, plant and equipment	17,333	17,871	17,002	17,376	17,050
Inventories	14,016	13,361	13,361	13,361	13,361
Intangibles	2,665	2,087	1,624	1,254	958
Other	6,555	5,914	5,876	5,840	5,805
Total non-financial assets	40,569	39,233	37,863	37,831	37,174
Total assets	65,094	63,230	62,238	61,249	60,281
LIABILITIES					
Debt					
Loans	9,101	10,360	8,685	7,075	5,465
Leases	869	1,525	1,098	671	244
Total debt	9,970	11,885	9,783	7,746	5,709
Provisions and payables					
Employees	15,988	17,572	18,559	19,557	20,576
Suppliers	10,552	4,050	4,173	4,223	4,275
Other	2,454	3,593	3,593	3,593	3,591
Total provisions and payables	28,994	25,215	26,325	27,373	28,442
Total liabilities	38,964	37,100	36,108	35,119	34,151
EQUITY					
Capital	3,763	3,763	3,763	3,763	3,763
Reserves	3,713	3,713	3,713	3,713	3,713
Accumulated surpluses or deficits	18,654	18,654	18,654	18,654	18,654
Total equity	26,130	26,130	26,130	26,130	26,130
Current liabilities	20,722	19,663	19,137	18,613	18,100
Non-current liabilities	18,242	17,437	16,971	16,506	16,051
Current assets	41,436	40,467	39,832	39,199	38,580
Non-current assets	23,658	22,763	22,406	22,050	21,701

**Table 3.3: Budgeted departmental statement of cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	74,180	87,409	74,985	77,514	76,515
Sales of goods and services	52,123	32,740	32,950	32,938	32,938
Interest	1,121	-	-	-	-
Other	2,138	635	646	658	658
Total cash received	129,562	120,784	108,581	111,110	110,111
Cash used					
Employees	46,695	51,655	52,267	53,330	52,693
Suppliers	63,677	55,241	43,899	45,377	44,378
Interest	-	602	602	602	602
Other	-	7,316	7,296	7,296	7,296
Total cash used	110,372	114,814	104,064	106,605	104,969
Net cash from operating activities	19,190	5,970	4,517	4,505	5,142
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	13	44	46	47	47
Repayments of loans made	-	3,935	-	-	-
Other	-	-	-	-	-
Total cash received	13	3,979	46	47	47
Cash used					
Purchase of property, plant and equipment	1,383	3,935	2,000	3,500	3,500
Loans made	-	-	-	-	-
Other	3,500	-	-	-	-
Total cash used	4,883	3,935	2,000	3,500	3,500
Net cash from investing activities	(4,870)	44	(1,954)	(3,453)	(3,453)
FINANCIAL ACTIVITIES					
Cash used					
Repayments of debt	4,490	-	-	-	-
Capital use and dividends paid	-	1,681	1,536	1,506	1,498
Other	7,649	-	-	-	-
Total cash used	12,139	1,681	1,536	1,506	1,498
Net cash from financing activities	(12,139)	(1,681)	(1,536)	(1,506)	(1,498)
Net increase in cash held	2,181	4,333	1,027	(454)	191
Cash at the beginning of the reporting period	2,642	4,823	9,156	9,736	8,772
Cash at the end of the reporting period	4,823	9,156	9,736	8,772	8,453

Table 3.4: Departmental capital budget statement

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by					
Departmental resources	1,383	3,935	2,000	3,500	3,500

**Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
REVENUES					
Taxation					
Goods and Services Tax	-	(27,580,000)	(29,170,000)	(30,830,000)	(32,600,000)
Total taxation	-	(27,580,000)	(29,170,000)	(30,830,000)	(32,600,000)
Non-taxation					
Revenues from government (appropriations)	28,582,555	31,619,539	32,051,499	33,030,608	34,278,583
Interest and dividends	814,077	2,846,766	1,811,868	1,607,991	1,603,637
Net foreign exchange gains	38,302	-	-	-	-
Other sources of non-taxation revenues	805,308	713,432	526,967	521,643	514,429
Total non-taxation	30,240,242	35,179,737	34,390,334	35,160,242	36,396,649
Total revenues administered on behalf of the Government	30,240,242	7,599,737	5,220,334	4,330,242	3,796,649
EXPENSES					
Subsidies	6,043	-	-	-	-
Net foreign exchange losses	-	41,416	3,150	-	-
Grants	27,804,224	4,141,227	2,832,533	2,152,642	1,631,615
Borrowing costs	50,378	-	-	-	-
Other	656,549	49,465	48,966	47,966	46,968
Total expenses administered on behalf of the Government	28,517,194	4,232,108	2,884,649	2,200,608	1,678,583

**Table 3.7: Note of budgeted administered financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	2,599	2,599	2,599	2,599	2,599
Receivables	669,789	335,267	106,015	(118,041)	(282,092)
Investments	16,693,547	16,643,220	16,639,375	16,639,375	16,639,375
Other	193,452	1,300	1,300	1,400	1,400
Total financial assets	17,559,387	16,982,386	16,749,289	16,525,333	16,361,282
Non-financial assets					
Other	3,998	1,186	355	51	15
Total non-financial assets	3,998	1,186	355	51	15
Total assets administered on behalf of the Government	17,563,385	16,983,572	16,749,644	16,525,384	16,361,297
LIABILITIES					
Debt					
Loans	5,290,225	5,281,352	5,276,542	5,271,886	5,267,230
Other	1,154,427	1,147,111	1,146,552	1,146,552	1,146,552
Total debt	6,444,652	6,428,463	6,423,094	6,418,438	6,413,782
Provisions and payables					
Suppliers	168	-	-	-	-
Grants	660,000	457,500	275,000	112,500	10,000
Other	69,934	(62,725)	(76,438)	(86,051)	(93,243)
Total provisions and payables	730,102	394,775	198,562	26,449	(83,243)
Total liabilities administered on behalf of the Government	7,174,754	6,823,238	6,621,656	6,444,887	6,330,539
EQUITY					
Capital	32,999	49,491	61,482	73,473	85,464
Reserves	8,039,640	8,039,640	8,039,640	8,039,640	8,039,640
Accumulated surpluses or deficits	2,252,393	2,071,203	2,026,866	1,967,384	1,905,654
Total equity	10,325,032	10,160,334	10,127,988	10,080,497	10,030,758
Current liabilities	24,330	27,293	26,487	25,780	25,322
Non-current liabilities	7,150,424	6,795,945	6,595,169	6,419,107	6,305,217
Current assets	37,686	33,967	33,499	33,051	32,723
Non-current assets	17,525,699	16,949,605	16,716,145	16,492,333	16,328,574

**Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	-	31,820,817	32,231,501	33,190,610	34,378,583
Interest	84,041	23,919	11,868	7,991	3,637
Other	30,520,187	3,524,900	2,318,908	2,117,074	2,112,108
Total cash received	30,604,228	35,369,636	34,562,277	35,315,675	36,494,328
Cash used					
Subsidies	266,533	-	-	-	-
Grants	27,678,948	4,340,074	3,012,533	2,312,642	1,731,615
Interest	50,585	-	-	-	-
Cash to Official Public Account	2,650,998	3,548,819	2,330,776	2,125,065	2,115,745
Other	151,851	27,480,743	29,218,968	30,877,968	32,646,968
Total cash used	30,798,915	35,369,636	34,562,277	35,315,675	36,494,328
Net cash from operating activities	(194,687)	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Cash from Official Public Account	17,784	16,468	11,991	11,991	11,991
Total cash received	17,784	16,468	11,991	11,991	11,991
Cash used					
Cash to Official Public Account	84,290	-	-	-	-
Other	-	16,468	11,991	11,991	11,991
Total cash used	84,290	16,468	11,991	11,991	11,991
Net cash from investing activities	(66,506)	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	49,246	64,051	64,051
Other	4,005	-	-	-	-
Total cash received	4,005	-	49,246	64,051	64,051
Cash used					
Repayments of debt	-	-	-	-	-
Cash to Official Public Account	-	-	49,246	64,051	64,051
Other	3,907	-	-	-	-
Total cash used	3,907	-	49,246	64,051	64,051
Net cash from financing activities	98	-	-	-	-
Net increase in cash held	(261,095)	-	-	-	-
Cash at beginning of reporting period	263,694	2,599	2,599	2,599	2,599
Cash at end of reporting period	2,599	2,599	2,599	2,599	2,599

Table 3.9: Note of administered capital budget

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	17,784	9,862	7,335	7,335	7,335
Special appropriations	-	206,630	184,656	164,656	104,656
Total	17,784	216,492	191,991	171,991	111,991
Represented by:					
Purchase of financial assets	17,784	216,492	191,991	171,991	111,991
Total	17,784	216,492	191,991	171,991	111,991

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The Department of the Treasury's budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Under the Commonwealth'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 agencies do not have control over (administered transactions). This ensures that agencies are only held accountable for the transactions over which they have control.

Departmental

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

There are no substantial variations to the notes outlined in the *2001-02 Portfolio Budget Statements* and *The Treasury Annual Report 2000-01*.

Administered

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

There are no substantial variations to the notes outlined in the *2001-02 Portfolio Budget Statements* and *The Treasury Annual Report 2000-01*.

Appendices 1 and 2

Appendix 1

Non-appropriation departmental and administered revenue

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
DEPARTMENTAL REVENUE		
Non-appropriation departmental revenue		
Departmental section 31 receipts	3,242	3,196
Royal Australian Mint revenue	30,354	30,614
Total non-appropriation departmental revenue	33,596	33,810
Appropriation revenue	81,809	87,409
Total departmental revenue	115,405	121,219
ADMINISTERED REVENUE		
Non-appropriation administered revenue		
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>		
- GST revenue payments	(27,480,000)	(27,580,000)
Interest and dividends	2,812,898	2,846,766
Foreign exchange gains	40,675	-
GST administration fees	517,156	517,156
Housing Loans Insurance Corporation		
- recoveries from old book stock and premiums	16,007	22,499
Other	-	273
Postal services regulation	1,000	1,000
Receipts under the <i>International Monetary Agreements Act 1947</i>	78,708	68,743
Royal Australian Mint - monies in excess of requirements	74,087	102,398
Seigniorage payments - Gold Corporation	1,000	1,363
Total non-appropriation administered revenue	(23,938,469)	(24,019,802)
Appropriation revenue	30,951,162	31,619,539
Total administered revenue	7,012,693	7,599,737
Total estimated revenue	7,128,098	7,720,956

Appendix 2

Estimates of expenses from special appropriations

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
ESTIMATED EXPENSES		
<i>International Monetary Agreements Act 1947</i>	47,128	78,881
<i>A New Tax System (Commonwealth-State Financial Arrangements) Act 1999</i>	3,159,934	3,694,129
Total estimated expenses	3,207,062	3,773,010

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the 2001-02 Portfolio Budget Statements (page 91).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

MEASURES

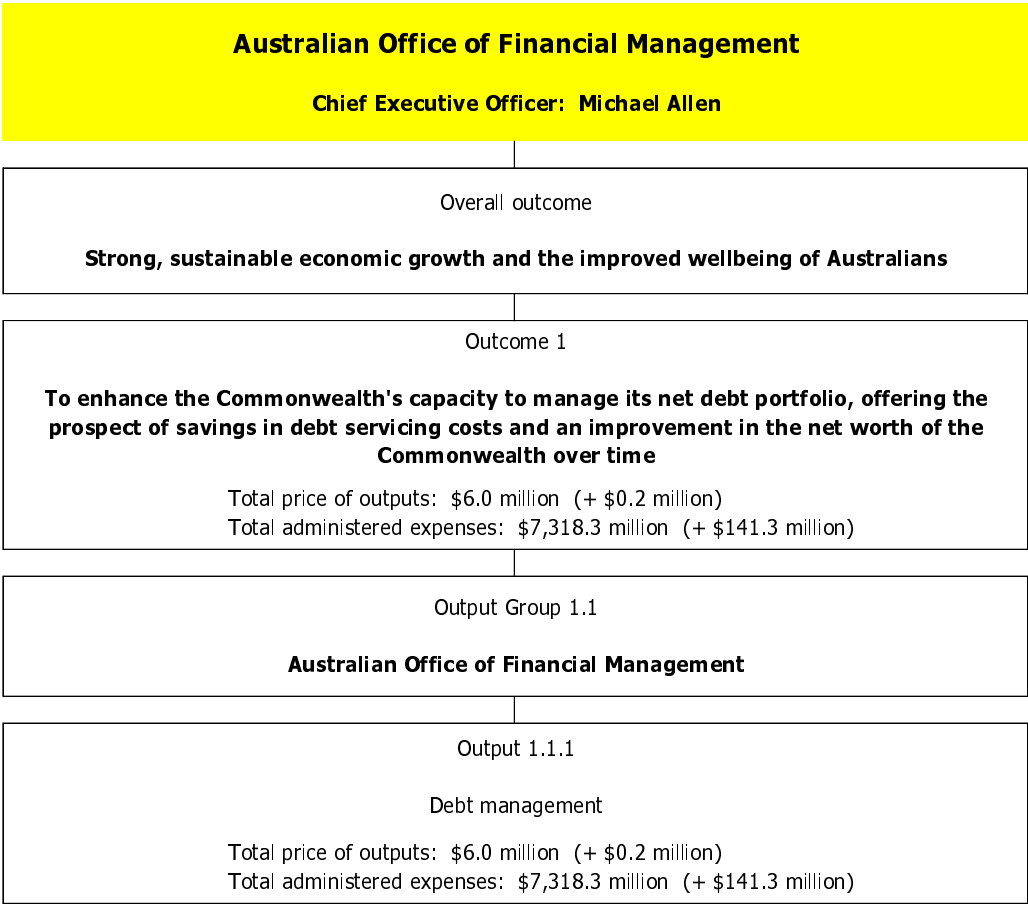
The Australian Office of Financial Management (AOFM) has no additional measures since the 2001-02 Portfolio Budget Statements.

OTHER VARIATIONS TO APPROPRIATIONS

The AOFM is seeking additional price of outputs funding of \$0.209 million for the capital use charge, depreciation and to reflect an increase in parameters.

The AOFM will be returning an administered saving of \$3.487 million. The saving is a result of a capital appropriation of \$3.4 million in the 2001-02 Budget and depreciation funding of \$0.087 million, which are no longer required.

Map 2: Australian Office of Financial Management
Outcomes and Output Groups



BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL**Table 1.2: Appropriation Bill (No. 3) 2001-02**

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	4,429	4,082	3,995	-	87
Total	4,429	4,082	3,995	-	87
AGENCY OUTPUTS					
Outcome 1					
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	5,706	5,822	6,031	209	-
Total	5,706	5,822	6,031	209	-
TOTAL	10,135	9,904	10,026	209	87

Table 1.3: Appropriation Bill (No. 4) 2001-02

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Administered capital and loans					
Administered capital	-	3,400	-	-	3,400
Total	-	3,400	-	-	3,400

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2001-02 Budget	2001-02 Revised	Variation
Outcome 1			
To enhance the Commonwealth's capacity to manage its net debt portfolio, offering the prospect of savings in debt servicing costs and an improvement in the net worth of the Commonwealth over time	40	40	-
Total	40	40	-

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	\$0.087 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
A	Savings from capital appropriations	\$3.400 million
Total agency savings		\$3.487 million

The saving of \$3.4 million represents the return of capital appropriation in the 2001-02 Budget that is no longer required.

The saving of \$0.087 million represents a return of depreciation funding for administered assets which will no longer be purchased.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The AOFM has not made any changes to its outcome or output structure since the 2001-02 Portfolio Budget Statements.

Revised performance information and level of achievement — 2001-02

The performance information for Outcome 1 is unchanged from the 2001-02 Portfolio Budget Statements (page 96).

Section 3: Budgeted Financial Statements

Budgeted agency statement of financial performance

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

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency capital budget statement

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

Agency non-financial assets — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets for the 2001-02 budget year.

**Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenue from ordinary activities					
Revenue from government	5,706	6,031	6,581	6,563	6,563
Sale of goods and services	14	-	-	-	-
Interest	112	20	20	20	20
Other	139	-	-	-	-
Total revenue from ordinary activities	5,971	6,051	6,601	6,583	6,583
Expenses from ordinary activities					
Employees	2,336	4,021	3,972	3,956	3,955
Suppliers	1,639	1,463	1,662	1,660	1,661
Depreciation and amortisation	82	197	597	597	597
Total expenses from ordinary activities	4,057	5,681	6,231	6,213	6,213
Net surplus or deficit from ordinary activities	1,914	370	370	370	370
Capital use charge	402	370	370	370	370
Net surplus or deficit after capital use charge	1,512	-	-	-	-

**Table 3.2: Budgeted agency statement of financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	875	1,210	2,037	2,827	3,617
Investments	2,000	2,000	2,000	2,000	2,000
Accrued revenues	7	7	7	7	7
Total financial assets	2,882	3,217	4,044	4,834	5,624
Non-financial assets					
Infrastructure, plant and equipment	1,304	1,194	1,084	974	864
Intangibles	45	3,358	2,871	2,384	1,897
Other	29	29	29	29	29
Total non-financial assets	1,378	4,581	3,984	3,387	2,790
Total assets	4,260	7,798	8,028	8,221	8,414
LIABILITIES					
Provisions and payables					
Employees	1,074	1,292	1,522	1,715	1,908
Suppliers	231	151	151	151	151
Total provisions and payables	1,305	1,443	1,673	1,866	2,059
Total liabilities	1,305	1,443	1,673	1,866	2,059
EQUITY					
Capital	-	3,400	3,400	3,400	3,400
Accumulated surpluses	2,955	2,955	2,955	2,955	2,955
Total equity	2,955	6,355	6,355	6,355	6,355
Current liabilities	302	152	267	363	459
Non-current liabilities	1,003	1,291	1,406	1,504	1,600
Current assets	2,911	3,246	4,073	4,863	5,653
Non-current assets	1,349	4,552	3,955	3,358	2,761

**Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	5,706	6,031	6,581	6,563	6,563
Sale of goods and services	14	-	-	-	-
Interest	117	20	20	20	20
Total cash received	5,837	6,051	6,601	6,583	6,583
Cash used					
Employees	1,811	3,803	3,742	3,762	3,762
Suppliers	1,413	1,462	1,662	1,661	1,661
Other	1,149	-	-	-	-
Total cash used	4,373	5,265	5,404	5,423	5,423
Net cash from operating activities	1,464	786	1,197	1,160	1,160
INVESTING ACTIVITIES					
Cash received					
Other - Equity injection	-	3,400	-	-	-
Total cash received	-	3,400	-	-	-
Cash used					
Purchase of property, plant and equipment	1,423	3,400	-	-	-
Other	1,250	-	-	-	-
Total cash used	2,673	3,400	-	-	-
Net cash from investing activities	(2,673)	-	-	-	-
FINANCING ACTIVITIES					
Cash used					
Capital use and dividends paid	260	451	370	370	370
Total cash used	260	451	370	370	370
Net cash from financing activities	(260)	(451)	(370)	(370)	(370)
Net increase (decrease) in cash held	(1,469)	335	827	790	790
Cash at the beginning of the reporting period	2,344	875	1,210	2,037	2,827
Cash at the end of the reporting period	875	1,210	2,037	2,827	3,617

Table 3.4: Agency capital budget statement

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	3,400	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	3,400	-	-	-
Total	-	3,400	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	3,400	-	-	-
Funded internally by					
Departmental resources	1,423	-	-	-	-

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE								
<i>As at 1 July 2001 (opening)</i>	-	-	-	-	1,394	1,394	503	1,897
Additions	-	-	-	-	-	-	3,400	3,400
Disposals	-	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	-	-	-	1,394	1,394	3,903	5,297
ACCUMULATED DEPRECIATION								
<i>As at 1 July 2001 (opening)</i>	-	-	-	-	90	90	458	548
Disposals	-	-	-	-	-	-	-	-
Charge for the reporting period	-	-	-	-	110	110	87	197
<i>As at 30 June 2002 (closing)</i>	-	-	-	-	200	200	545	745
Net book value								
<i>As at 30 June 2002 (closing book value)</i>	-	-	-	-	1,194	1,194	3,358	4,552
Net book value								
<i>As at 1 July 2001 (opening book value)</i>	-	-	-	-	1,304	1,304	45	1,349
TOTAL ADDITIONS								
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-	3,400	3,400
Total	-	-	-	-	-	-	3,400	3,400

**Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
REVENUES					
Non-taxation					
Interest	3,137,447	3,211,750	3,263,163	3,183,423	3,549,791
Other sources of non-taxation revenue	49	851	847	849	849
Total non-taxation	3,137,496	3,212,601	3,264,010	3,184,272	3,550,640
Total revenues administered on behalf of the Government	3,137,496	3,212,601	3,264,010	3,184,272	3,550,640
EXPENSES					
Grants	56,674	36,318	31,300	36,704	54,330
Net foreign exchange losses	1,924,157	69,232	-	-	-
Interest and financing costs	8,581,345	7,211,882	6,633,895	6,015,152	5,605,077
Other	613	829	829	829	829
Total expenses administered on behalf of the Government	10,562,789	7,318,261	6,666,024	6,052,685	5,660,236

**Table 3.7: Note of budgeted administered financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	53	53	53	53	53
Receivables	4,549,576	4,325,593	4,213,808	3,802,989	3,644,671
Investments	13,400,000	-	-	-	-
Accrued revenues	160,187	233,668	211,112	191,486	193,187
Total financial assets	18,109,816	4,559,314	4,424,973	3,994,528	3,837,911
Total assets administered on behalf of the Government	18,109,816	4,559,314	4,424,973	3,994,528	3,837,911
LIABILITIES					
Debt					
Loans - Commonwealth Securities	67,384,019	51,462,334	51,153,125	38,517,813	23,398,435
Other - swap principal	3,794,529	2,838,000	2,203,000	1,266,000	1,035,000
Total debt	71,178,548	54,300,334	53,356,125	39,783,813	24,433,435
Provisions and payables					
Suppliers	3	-	-	-	-
Other - interest	2,842,979	2,961,084	3,128,094	3,075,574	3,129,264
Total provisions and payables	2,842,982	2,961,084	3,128,094	3,075,574	3,129,264
Total liabilities administered on behalf of the Government	74,021,530	57,261,418	56,484,219	42,859,387	27,562,699

**Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,833,782	7,024,760	6,502,185	6,135,376	5,601,717
Interest	975,306	3,219,540	3,289,719	3,234,049	3,544,090
Other	64	20	20	20	20
Total cash received	7,809,152	10,244,320	9,791,924	9,369,445	9,145,827
Cash used					
Grants	55,079	36,318	31,300	36,704	54,330
Interest	6,757,481	6,988,442	6,470,885	6,098,672	5,547,387
Cash to Official Public Account	996,885	3,219,560	3,289,739	3,234,069	3,544,110
Other - GST	1	-	-	-	-
Total cash used	7,809,446	10,244,320	9,791,924	9,369,445	9,145,827
Net cash from operating activities	(294)	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other - Housing Loan Repayments	82,438	74,675	77,312	79,822	82,209
Total cash received	82,438	74,675	77,312	79,822	82,209
Cash used					
Cash to Official Public Account	82,438	74,675	77,312	79,822	82,209
Total cash used	82,438	74,675	77,312	79,822	82,209
Net cash from investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	16,938,387	25,490,000	39,785,000	37,831,000	37,247,000
Cash from Official Public Account	26,756,701	42,476,747	40,697,563	51,072,315	52,522,701
Other - Swaps	789,746	3,848,000	1,411,000	2,470,000	500,000
Total cash received	44,484,834	71,814,747	81,893,563	91,373,315	90,269,701
Cash used					
Repayments of debt	25,710,211	41,449,747	40,062,563	50,169,315	52,291,701
Cash to Official Public Account	17,728,133	25,490,000	39,785,000	37,831,000	37,247,000
Other - Swaps	1,046,490	4,875,000	2,046,000	3,373,000	731,000
Total cash used	44,484,834	71,814,747	81,893,563	91,373,315	90,269,701
Net cash from financing activities	-	-	-	-	-
Net increase in cash held	(294)	-	-	-	-
Cash at beginning of reporting period	347	53	53	53	53
Cash at end of reporting period	53	53	53	53	53

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budgeted statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts. No allowance is made for the effect of changing prices on the results or the financial position of the AOFM.

Administered internal transactions

Administered transactions between the AOFM and other agencies within the general government (administered internal transactions) are not reported in the note of budgeted administered financial performance or the note of budgeted administered financial position.

Cash flows in the note of budgeted administered cash flows are reported inclusive of administered internal transactions.

Goods and Services Tax (GST)

The AOFM is an input taxed entity under *A New Tax System (Goods and Services Tax) Act 1999*.

The budgeted financial statements have been prepared in accordance with the GST accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Research Foundation. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and that cash flows and accounts payable and receivable be reported gross. Appropriations are net of recoverable GST amounts.

Agency budgeted financial statements

Revenue and expenses

Appropriations

Price of outputs appropriation estimates are not based on market price indicators. The agreed price of outputs appropriation estimates are based on budgeted expenses.

The AOFM has prepared its estimates for the 2001-02 budget and forward years to achieve a break-even operating result. Consequently the appropriation revenue from Government represents the funding required to meet all expenses after deduction of revenue from other sources.

Interest revenue

As part of the agency banking incentive scheme, the AOFM has estimated that it will earn \$20,000 interest on credit balances in its agency account and from term deposit investments.

Employee expenses

The AOFM envisages a significant increase in its staffing over the Budget year 2001-02.

Assets and liabilities

The employee liabilities of the AOFM are expected to increase from actuals as at 30 June 2001. The increased liability recognises that staff numbers are expected to grow significantly during the Budget year 2001-02.

The estimated cash reserves will be maintained in order to ensure that the AOFM is well placed to:

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

Budgeted financial statements have been prepared on the assumption that unspent monies will not be withdrawn by the Department of Finance and Administration.

Administered notes of budgeted financial statements

Revenue and expenses

Non-Taxation Revenue — Interest

	Actual		Estimated		
	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000	2003-04 \$'000	2004-05 \$'000
Interest on housing agreements	172,262	169,249	166,109	162,853	159,477
Interest on state and territory debt	52,479	37,558	31,944	20,070	11,284
Interest from other sources	2,912,706	3,004,943	3,065,110	3,000,500	3,379,030
Total interest	3,137,447	3,211,750	3,263,163	3,183,423	3,549,791

Interest from other sources includes interest from swaps and investments.

Part C: Agency Additional Estimates Statements — AOFM

Expenses — Grants

	Actual		Estimated		
	2000-01	2001-02	2002-03	2003-04	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Grants to State and Territory Governments	56,674	36,318	31,300	36,704	54,330
Total grants	56,674	36,318	31,300	36,704	54,330

Expenses — Interest and Financing Costs

	Actual		Estimated		
	2000-01	2001-02	2002-03	2003-04	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest on Government securities	5,791,445	5,082,826	4,802,731	4,250,678	3,893,683
Interest on swaps	2,431,258	1,930,100	1,826,000	1,699,000	1,652,000
Interest on other debt	42,862	7,889	1,960	62,270	56,190
Net repurchase premia	314,332	186,560	-	-	-
Other financing costs	1,448	4,507	3,204	3,204	3,204
Total interest and financing	8,581,345	7,211,882	6,633,895	6,015,152	5,605,077

Assets and liabilities

Debt Liabilities — Loans

Loans represent the book value of Government securities on issue, net of investments, with exception to 2000-01, where they are reported separately.

Financial Assets — Receivables

	Actual		Estimated		
	2000-01	2001-02	2002-03	2003-04	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Loans to State and Territory Governments	4,516,765	4,291,593	4,179,808	3,802,989	3,644,671
Swap principal	32,761	34,000	34,000	-	-
Other	50	-	-	-	-
Total receivables	4,549,576	4,325,593	4,213,808	3,802,989	3,644,671

Appendices 1 and 2

Appendix 1

Agency and administered revenue

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
Agency revenue		
AOFM section 31 receipts	20	20
Total non-appropriation agency revenue	20	20
Appropriations	5,822	6,031
Total agency revenue	5,842	6,051
Administered revenue		
Advances to the Australian Capital Territory - interest	-	-
Advances to the States under the Housing Agreements - interest	97,324	97,324
Advances to the Northern Territory for housing - interest	1,536	1,536
Advances to the States under the <i>Housing Assistance Act 1973</i> - interest	144	144
Advances to the States under <i>States (Works and Housing Assistance) Acts</i> - interest	69,877	69,877
Advances to the States under the <i>War Service Lands Settlements Acts</i> - interest	368	368
Interest paid by States and the Northern Territory on other loans	37,558	37,558
Interest on financial assets	527,040	453,710
Loan management expenses		
- recoveries from the States and Northern Territory	20	20
<i>Loan Securities Amendment Act 1988 (Swaps)</i> - interest	2,417,714	2,551,233
Other	831	831
Total non-appropriation administered revenue	3,152,412	3,212,601

Appendix 2

Estimates of expenses from administered appropriations

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
ESTIMATED EXPENSES		
Appropriation Bill No. 1		
Loan management expenses	4,072	3,985
Overseas bond issues - lapsed coupons	10	10
Total Appropriation Bill No. 1	4,082	3,995
Special Appropriations		
<i>Airports (Transitional) Act 1996</i>		
- former debts Federal Airports Commission - interest	36,787	24,860
<i>Commonwealth Inscribed Stock Act 1911,</i>		
<i>Loans and Securities Act 1911, Loans Securities</i>		
<i>Act 1919, Loans Redemption and Conversion Act 1921</i>	5,038,049	5,045,755
<i>Loan Securities Amendment Act 1988 (Swaps)</i>		
- interest	2,040,335	1,930,100
<i>Financial Agreement Act 1994</i> - assistance for		
debt redemption	34,400	34,400
<i>Loan Securitities Amendment Act 1988 (Swaps)</i>		
- principal	-	69,232
<i>Financial Agreement Act 1994</i>		
- Commonwealth contribution to the debt retirement		
reserve trust account on State and Northern		
Territory debt	1,918	1,918
<i>Financial Agreement Act 1994</i>		
- interest on debt retirement reserve trust account		
balances	829	829
<i>Qantas Sale Act 1992</i> - Qantas debt servicing	-	-
<i>Australian National Railways Commission Act 1983</i>		
- debt servicing	18,200	18,230
<i>Snowy Hydro Corporatisation Act 1997</i>		
- debt servicing	2,000	1,960
Loan flotation expenses	422	422
<i>Loans Redemption and Conversion Act 1921</i>		
- net repurchase premia	-	186,560
Total special appropriations	7,172,940	7,314,266
Total estimated expenses	7,177,022	7,318,261

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the 2001-02 Portfolio Budget Statements (page 117).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Prudential Regulation Authority (APRA) is seeking an additional \$2.1 million in agency outputs to fund increase supervision of regulated superannuation entities during 2001-02. A further \$4.0 million is required to meet expenses for the Royal Commission into the collapse of HIH.

The explanation for these variations are detailed below.

MEASURES

Outcome 1 — To enhance public confidence in Australia’s financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality

	2001-02 (\$'000)	2002-03 (\$'000)	2003-04 (\$'000)	2004-05 (\$'000)
Outcome 1				
Funding for HIH Royal Commission related costs	4,000	-	-	-

Funding for HIH Royal Commission related costs

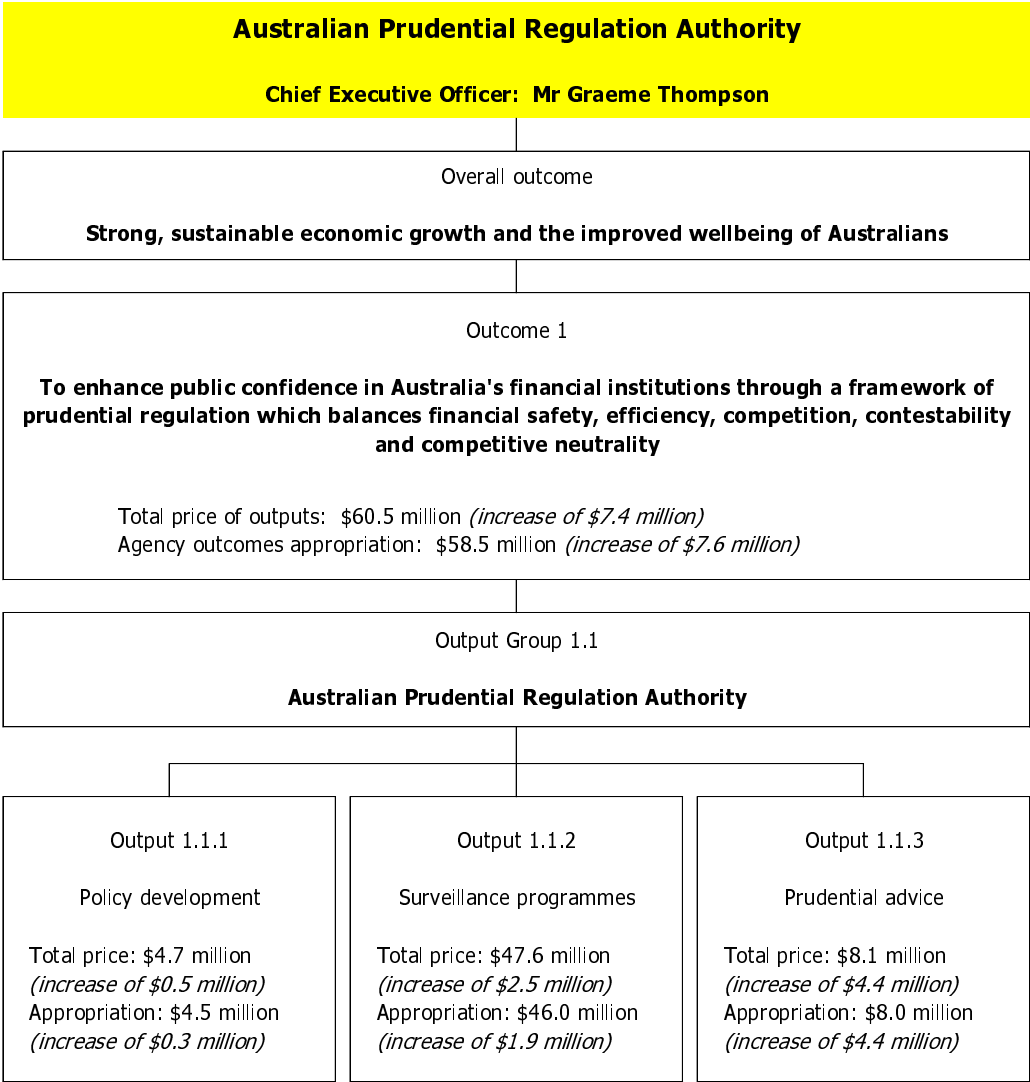
The Government has agreed to provide APRA with \$4.0 million to meet its expenses incurred as a result of the Royal Commission into the failure of HIH. This funding will enable APRA to meet the cost of legal support, specialist technical consultants, general administration costs and the cost of extra staff seconded full time to Royal Commission work.

OTHER VARIATIONS TO APPROPRIATIONS

APRA is seeking an additional \$2.1 million in agency outputs to fund increased supervision of regulated superannuation entities during 2001-02.

The increased activity will have an impact of \$3.0 million in later years. The increased costs will be met through increases in the levy imposed under the various Supervisory Levy Imposition Acts and collected under the *Financial Institutions Supervisory Levies Collection Act 1998*, which is administered by APRA.

Map 2: Outcomes and output groups for the agency



MEASURES: AGENCY SUMMARY

Table 1.1: Summary of measures since the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations 2001-02 (\$'000)			Appropriations 2002-03 (\$'000)			Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Funding for HIH Royal Commission related costs	1	1.1	-	4,000	4,000	-	-	-	-	-	-	-	-	-
Total			-	4,000	4,000	-	-	-	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL**Table 1.2: Appropriation Bill (No. 3) 2001-02**

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality	-	-	6,100	6,100	-
Total	-	-	6,100	6,100	-

SUMMARY OF STAFFING CHANGES**Table 1.4: Average staffing level (ASL)**

	2001-02 Budget	2001-02 Revised	Variation
Outcome 1			
To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety, efficiency, competition, contestability and competitive neutrality	417	424	7
Total	417	424	7

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There has been no change to APRA's outcome and output groups since the 2001-02 Portfolio Budget Statements.

Revised performance information and level of achievement — 2001-02

The variation to funding is to pre-existing outputs that will not effect the performance information under Outcome 1 since the 2001-02 Portfolio Budget Statements.

Section 3: Budgeted Financial Statements

Budgeted agency statement of revenues and expenses (budget operating statement)

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

Budgeted agency statement of assets and liabilities (budget balance sheet)

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

Budgeted agency cash flow statement

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

Agency capital budget statement

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

Agency non-financial assets — summary of movement

This statement shows the budgeted movement in the AOFM's non-financial assets for the 2001-02 budget year.

**Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenues from ordinary activities					
Revenue from government	49,367	58,546	55,446	55,446	55,446
Sales of goods and services	1,265	1,101	1,408	1,408	1,458
Interest	1,439	800	1,000	1,100	1,200
Net gains from sales of assets	4	25	25	25	25
Total revenues from ordinary activities	52,075	60,472	57,879	57,979	58,129
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	33,347	35,895	36,455	36,455	36,455
Suppliers	15,523	20,053	16,785	16,785	16,785
Depreciation and amortisation	2,833	3,951	4,690	4,647	4,756
Write down of assets	1,510	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	53,213	59,899	57,930	57,887	57,996
Borrowing cost expense	2	-	-	-	-
Net surplus or deficit from ordinary activities	(1,140)	573	(51)	92	133
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	(1,140)	573	(51)	92	133
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	(1,140)	573	(51)	92	133

**Table 3.2: Budgeted agency statement of financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	13,796	7,463	9,768	11,951	13,555
Receivables	1,529	834	715	540	465
Accrued revenues	522	50	50	50	50
Total financial assets	15,847	8,347	10,533	12,541	14,070
Non-financial assets					
Infrastructure, plant and equipment	6,568	6,004	5,262	4,422	3,557
Intangibles	7,311	8,181	6,790	5,540	4,206
Other	134	120	120	120	120
Total non-financial assets	14,013	14,305	12,172	10,082	7,883
Total assets	29,860	22,652	22,705	22,623	21,953
LIABILITIES					
Debt					
Loans	5,440	-	-	-	-
Leases	24	-	-	-	-
Other	51	50	-	-	-
Total debt	5,515	50	-	-	-
Provisions and payables					
Employees	10,110	10,501	10,857	10,922	10,290
Suppliers	5,120	3,209	3,212	3,212	3,212
Other	2,750	1,954	1,749	1,510	1,339
Total provisions and payables	17,980	15,664	15,818	15,644	14,841
Total liabilities	23,495	15,714	15,818	15,644	14,841
EQUITY					
Capital	5,255	5,255	5,255	5,255	5,255
Reserves	558	558	558	558	558
Accumulated surpluses or deficits	552	1,125	1,074	1,166	1,299
Total equity	6,365	6,938	6,887	6,979	7,112
Current liabilities	17,254	9,176	9,401	9,280	9,701
Non-current liabilities	6,241	6,538	6,417	6,364	5,140
Current assets	15,982	8,467	10,653	12,661	14,190
Non-current assets	13,878	14,185	12,052	9,962	7,763

**Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	51,591	59,014	55,571	55,621	55,521
Sales of goods and services	1,410	1,450	1,486	1,533	1,583
Interest	1,362	877	1,000	1,100	1,200
Other	1,566	2,005	1,679	1,679	1,679
Total cash received	55,929	63,346	59,736	59,933	59,983
Cash used					
Employees	34,256	35,504	36,100	36,391	37,088
Suppliers	18,170	23,269	18,674	18,702	18,634
Interest	2	-	-	-	-
Other	123	125	125	125	125
Total cash used	52,551	58,898	54,899	55,218	55,847
Net cash from operating activities	3,378	4,448	4,837	4,715	4,136
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	4	25	25	25	25
Total cash received	4	25	25	25	25
Cash used					
Purchase of property, plant and equipment	7,721	5,367	2,557	2,557	2,557
Total cash used	7,721	5,367	2,557	2,557	2,557
Net cash from investing activities	(7,717)	(5,342)	(2,532)	(2,532)	(2,532)
FINANCIAL ACTIVITIES					
Cash used					
Repayments of debt	5,439	5,439	-	-	-
Total cash used	5,439	5,439	-	-	-
Net cash from financing activities	(5,439)	(5,439)	-	-	-
Net increase in cash held	(9,778)	(6,333)	2,305	2,183	1,604
Cash at the beginning of the reporting period	23,574	13,796	7,463	9,768	11,951
Cash at the end of the reporting period	13,796	7,463	9,768	11,951	13,555

Table 3.4: Agency capital budget statement

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by					
Departmental resources	7,985	4,257	2,557	2,557	2,557

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE								
<i>As at 1 July 2001 (opening)</i>	-	-	-	-	10,669	10,669	9,898	20,567
Additions	-	-	-	-	1,557	1,557	2,700	4,257
Disposals	-	-	-	-	(1,040)	(1,040)	-	(1,040)
Other movements	-	-	-	-	-	-	(1,028)	(1,028)
<i>As at 30 June 2002 (closing)</i>	-	-	-	-	11,186	11,186	11,570	22,756
ACCUMULATED DEPRECIATION								
<i>As at 1 July 2001 (opening)</i>	-	-	-	-	4,101	4,101	2,587	6,688
Disposals	-	-	-	-	(1,040)	(1,040)	-	(1,040)
Charge for the reporting period	-	-	-	-	2,121	2,121	1,830	3,951
Other movements	-	-	-	-	-	-	(1,028)	(1,028)
<i>As at 30 June 2002 (closing)</i>	-	-	-	-	5,182	5,182	3,389	8,571
Net book value								
<i>As at 30 June 2002 (closing book value)</i>	-	-	-	-	6,004	6,004	8,181	14,185
Net book value as at 1 July 2001 opening book value)	-	-	-	-	6,568	6,568	7,311	13,879
TOTAL ADDITIONS								
Self funded	-	-	-	-	1,557	1,557	2,700	4,257
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	-	1,557	1,557	2,700	4,257

**Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	62,027	67,114	70,114	70,114	70,114
Total taxation	62,027	67,114	70,114	70,114	70,114
Non-taxation					
Other sources of non-taxation revenues	639	500	-	-	-
Total non-taxation	639	500	-	-	-
Total revenues administered on behalf of the Government	62,666	67,614	70,114	70,114	70,114
EXPENSES					
Other	1,228	500	500	500	500
Total expenses administered on behalf of the Government	1,228	500	500	500	500

**Table 3.7: Note of budgeted administered financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Receivables	493	493	493	493	493
Accrued revenues	306	-	-	-	-
Total financial assets	799	493	493	493	493
Total assets administered on behalf of the Government	799	493	493	493	493
LIABILITIES					
Provisions and payables					
Other	4,461	-	-	-	-
Total provisions and payables	4,461	-	-	-	-
Total liabilities administered on behalf of the Government	4,461	-	-	-	-
Current liabilities	4,461	-	-	-	-
Non-current liabilities	-	-	-	-	-
Current assets	799	493	493	493	493
Non-current assets	-	-	-	-	-

**Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	68,460	67,114	69,614	69,614	69,614
Total cash received	68,460	67,114	69,614	69,614	69,614
Cash used					
Cash to Official Public Account	68,460	67,114	69,614	69,614	69,614
Total cash used	68,460	67,114	69,614	69,614	69,614
Net cash from operating activities	-	-	-	-	-
Net increase in cash held	-	-	-	-	-
Cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budgeted statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Budgeted agency statement of financial performance

Revenue from government

APRA is funded by a special appropriation for levies, late lodgment 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 Official Public Account to fund the Australian Securities and Investments Commission (ASIC) for consumer protection and market integrity functions, and to the Australian Taxation Office (ATO), for unclaimed moneys and lost member functions.

APRA is seeking to increase the level of regulatory activity of the superannuation industry. The increased activity will have an impact of \$3.0 million in later years, with a forecast impact on the 2001-02 financial year of \$2.1 million. The increased costs in the outer years will be met through increased levies.

Additional funding of \$4.0 million is also being sought in the current year to meet the costs of preparing submissions to the Royal Commission.

Sales of goods and services

The revenue from sales of goods and service includes revenue from fee-for-service and cost-recovery activities, as well as revenue from the sub-letting of surplus accommodation leased by APRA.

Depreciation and amortisation

APRA's depreciation expense is increasing over time due to the development and implementation of infrastructure that will provide APRA staff with accurate and timely financial information about regulated entities and that will allow APRA to act as the central repository for this information. The introduction of this system has resulted in a shorter useful life and increased depreciation for some of APRA's legacy software systems.

Write down of assets

The write-down of assets in 2000-01 relates to a change in APRA's policy for recognition of assets. All assets which no longer met the new criteria or asset threshold were written down as at 1 July 2000.

Budgeted agency statement of financial position

Financial assets

These include cash, levies deposited in the Consolidate Revenue Fund but not drawn down at year end, levies invoiced but still outstanding at year end, and sundry agency debtors. 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. Intangible assets comprise capitalised software, including work-in-progress. APRA does not own any land or buildings.

Other non-financial assets include prepayments.

Debt

The loan represents the balance of \$16.1 million appropriated in 1998-99 and \$4.0 million appropriated in 1999-00 for the establishment of APRA. The final repayment is to be made before 30 June 2002.

Other debt includes lease incentives.

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements.

Equity

The opening balance represents the net value of assets and liabilities transferred from the Reserve Bank of Australia (RBA) and the Insurance and Superannuation Commission (ISC) on the formation of APRA on 1 July 1998.

Budgeted agency statement of cash flows

Cash received from operating activities includes the appropriation for levies collected from industry less amounts collected on behalf of ATO and ASIC, cash from fees and charges, and interest earned on cash balances and investments held as government backed securities.

Cash used in investing activities includes cash spent on property, plant and equipment.

Cash used for financing activities is the cash used to repay the establishment funds.

Administered

Budgeted administered financial performance

Revenues

The taxation revenues are the levies, late lodgment 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 Official Public Account to fund ASIC for consumer protection and market integrity functions, and to the ATO, for unclaimed moneys and lost member functions.

Budgeted administered financial position

Financial assets

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

The accrued revenue is for levies on returns lodged but not invoiced at the end of the financial year.

Provisions and Payables

The ‘Other’ provisions and payables is revenue in advance for 2001-02 levies collected before the end of the 2000-01 financial year.

Budgeted administered cash flows

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

Appendices 1 and 2

Appendix 1

Non-appropriation agency and administered revenue

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
Departmental revenue		
Sales of goods and services	400	1,126
Interest	800	800
Total non-appropriation agency revenue	1,200	1,926
Appropriations	51,911	58,546
Total departmental revenue	53,111	60,472
Administered Revenue		
<i>Financial Institutions Supervisory Levies Collection Act 1998</i>	66,579	67,114
	-	500
Total non-appropriation administered revenue	66,579	67,614
Total administered revenue	66,579	67,614

Agency other income is derived from fees and charges and interest income. The increase in the estimated fees and charges is for the sub-lease of excess accommodation leased by APRA. In the 2001-02 Portfolio Budget Statements the estimated rental had been netted out against the cost of the accommodation.

Administered revenue is the levies collected under the *Financial Institutions Supervisory Levies Collection Act 1998* from bodies regulated by APRA. Each year an amount determined by the Treasurer is retained in CRF to fund certain activities undertaken by ASIC and the ATO (\$14.9 million in 2000-01 and \$14.7 million in 2001-02). The balance is transferred to APRA as a special appropriation.

The increase in the reported revenue recognised in relation to the *Financial Institutions Supervisory Levies Collection Act 1998* is due to a change in accounting policy since the 2001-02 Portfolio Budget Statements were prepared. After discussions with the Australian National Audit Office, the policy of recognising over- and under-collections of revenue as liabilities and assets, respectively, is no longer applied. This will result in an increase in revenue recognised for the 2001-02 financial year.

The increase in other revenue is for refunds of levies to financial institutions which have been made by APRA on behalf of the Commonwealth.

Appendix 2

Estimates of expenses from special appropriations

	Budget estimate	Revised estimate
	2001-02	2001-02
	\$'000	\$'000
ESTIMATED EXPENSES		
<i>Australian Prudential Regulation Authority Act 1998</i>	51,911	52,446
Total estimated Expenses	51,911	52,446

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the 2001-02 Portfolio Budget Statements (page 139).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Securities and Investments Commission (ASIC) is seeking an additional \$7.6 million in agency outputs for the HIH Royal Commission (\$4.6 million), investigative work into HIH (\$2.5 million) and implementation of the Financial Services Regulation Act (\$0.5 million).

Explanations for these variations are detailed below.

MEASURES

Outcome 1 — A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers

	2001-02 (\$'000)	2002-03 (\$'000)	2003-04 (\$'000)	2004-05 (\$'000)
Outcome 1				
Funding for HIH Royal Commission related costs	4,600	-	-	-
Implementation of the Financial Services Regulation Act	500	-	-	-
Total	5,100	-	-	-

Funding for HIH Royal Commission related costs

The Government has agreed to provide ASIC with \$4.6 million to meet the costs of its involvement with the HIH Royal Commission. This involvement stems primarily from ASIC's role as the corporate regulator and hence a party to the proceedings. The funding will cover ASIC's legal costs in appearing before the Royal Commission and some internal support.

Implementation of the Financial Services Regulation Act

The Government has agreed to provide ASIC with funding of \$0.5 million for implementation and administration of the *Financial Services Reform Act 2001*, which is effective from 11 March 2002. This is to ensure that ASIC has the capability to meet the new legislative requirement to implement a program of licensing, surveillance and provision for relief from the law for the regulated markets.

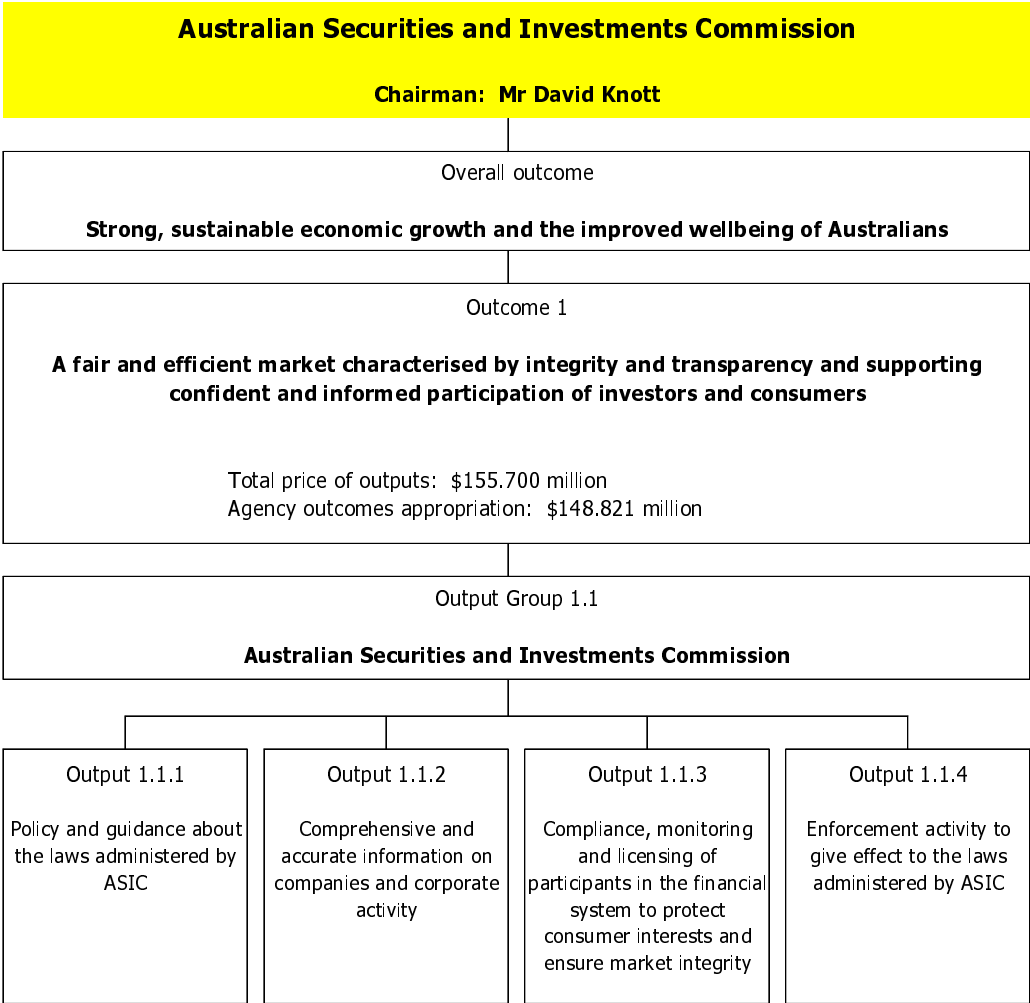
OTHER VARIATIONS TO APPROPRIATIONS

ASIC is seeking funding of \$2.5 million to cover the cost of investigating the HIH Insurance Group.

The Government agreed in the 2001-02 Budget to provide ASIC with \$2.5 million in each of 2001-02 and 2002-03 to assist ASIC with its investigation of the HIH Insurance Group, and any resulting prosecutions (refer page 144 of the 2001-02 Portfolio Budget Statements).

The \$2.5 million sought is the 2001-02 portion of the measure.

Map 2: Outcomes and output groups for the agency



MEASURES: AGENCY SUMMARY

Table 1.1: Summary of measures since the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations 2001-02 (\$'000)			Appropriations 2002-03 (\$'000)			Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Funding for HIH Royal Commission related costs	1	1.1	-	4,600	4,600	-	-	-	-	-	-	-	-	-
Implementation of the Financial Services Regulation Act	1	1.1	-	500	500	-	-	-	-	-	-	-	-	-
Total			-	5,100	5,100	-	-	-	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL

Table 1.2: Appropriation Bill (No. 3) 2001-02

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers in the financial system	131,465	141,221	148,821	7,600	-
Total	131,465	141,221	148,821	7,600	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2001-02 Budget	2001-02 Revised	Variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers in the financial system	1,230	1,262	32
Total	1,230	1,262	32

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There have been no changes to ASIC's outcome and outputs included in the 2001-02 Portfolio Budget Statements.

Revised performance information and level of achievement — 2001-02

The revised performance information that ASIC will use to assess the level of its achievement against Outputs 1.1.3 and 1.1.4 during 2001-02 is shown below:

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

Output	Performance information 2001-02
Output 1.1.3 Compliance, monitoring and licensing of participants in the financial system to protect consumer interest and ensure market integrity	Quality: Provide an effective licensing regime for new industry applicants and a transition of existing financial services industry to the new licensing structure Quantity: Number of applications processed on time and number of relief (modification) applications provided Price: \$0.5 million
Output 1.1.4 Enforcement Activity to give effect to the laws administered by ASIC	Quality: Enhance public confidence in ASIC's enforcement capability Quantity: Complete HIH investigation within a reasonable timeframe Price: \$7.1 million

Section 3: Budgeted Financial Statements

Budgeted agency statement of financial performance

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues which highlight its financial performance.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

Budgeted cash flows as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorizing them into expected cash flows from operating activities, investing activities and financial activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded from internal sources.

Agency non-financial assets — summary of movement

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

**Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenues from ordinary activities					
Revenue from government	131,621	148,821	139,023	136,907	137,311
Sales of goods and services	1,914	1,720	1,925	2,000	2,120
Interest	1,908	2,400	2,500	2,210	2,290
Net gains from sales of assets	23	-	-	-	-
Other	8,735	2,759	2,900	3,000	3,100
Total revenues from ordinary activities	144,201	155,700	146,348	144,117	144,821
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	83,051	84,884	84,909	85,834	86,689
Suppliers	50,454	64,614	56,791	55,017	55,493
Depreciation and amortisation	9,479	6,386	4,648	3,266	2,639
Write down of assets	270	-	-	-	-
Net losses from sales of assets	78	2,000	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	143,332	157,884	146,348	144,117	144,821
Borrowing cost expense	-	-	-	-	-
Net surplus or deficit from ordinary activities	869	(2,184)	-	-	-
Gain or loss on extraordinary items					
Net surplus or deficit	869	(2,184)	-	-	-
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	869	(2,184)	-	-	-

**Table 3.2: Budgeted agency statement of financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	12,277	13,328	14,255	18,490	18,478
Receivables	1,969	5,689	4,464	1,464	2,084
Total financial assets	14,246	19,017	18,719	19,954	20,562
Non-financial assets					
Land and buildings	7,905	9,121	8,014	7,048	6,082
Infrastructure, plant and equipment	8,789	1,689	4,189	4,189	4,189
Intangibles	5,367	4,365	4,124	3,824	4,151
Other	916	916	916	916	916
Total non-financial assets	22,977	16,091	17,243	15,977	15,338
Total assets	37,223	35,108	35,962	35,931	35,900
LIABILITIES					
Debt					
Other	4,693	3,546	2,800	2,115	1,430
Total debt	4,693	3,546	2,800	2,115	1,430
Provisions and payables					
Employees	26,333	27,549	29,149	29,803	30,457
Suppliers	4,013	4,013	4,013	4,013	4,013
Total provisions and payables	30,346	31,562	33,162	33,816	34,470
Total liabilities	35,039	35,108	35,962	35,931	35,900
EQUITY					
Reserves	2,759	2,759	2,759	2,759	2,759
Accumulated surpluses or deficits	(575)	(2,759)	(2,759)	(2,759)	(2,759)
Total equity	2,184	-	-	-	-
Current liabilities	18,616	18,949	19,579	19,741	19,904
Non-current liabilities	16,423	16,159	16,383	16,190	15,996
Current assets	15,162	19,933	19,635	20,870	21,478
Non-current assets	22,061	15,175	16,327	15,061	14,422

**Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	131,465	148,821	139,023	136,907	137,311
Sales of goods and services	4,647	1,720	1,925	2,000	2,120
Interest	1,908	2,400	2,500	2,210	2,290
Other	6,723	2,759	2,900	3,000	3,100
Total cash received	144,743	155,700	146,348	144,117	144,821
Cash used					
Employees	80,152	84,935	82,830	82,865	87,340
Suppliers	53,389	68,214	56,791	55,017	55,493
Interest	222	-	-	-	-
Total cash used	133,763	153,149	139,621	137,882	142,833
Net cash from operating activities	10,980	2,551	6,727	6,235	1,988
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	23	4,000	-	-	-
Total cash received	23	4,000	-	-	-
Cash used					
Purchase of property, plant and equipment	4,512	5,500	5,800	2,000	2,000
Total cash used	4,512	5,500	5,800	2,000	2,000
Net cash from investing activities	(4,489)	(1,500)	(5,800)	(2,000)	(2,000)
FINANCIAL ACTIVITIES					
Cash used					
Repayments of debt	2,772	-	-	-	-
Total cash used	2,772	-	-	-	-
Net cash from financing activities	(2,772)	-	-	-	-
Net increase in cash held	3,719	1,051	927	4,235	(12)
Cash at the beginning of the reporting period	8,558	12,277	13,328	14,255	18,490
Cash at the end of the reporting period	12,277	13,328	14,255	18,490	18,478

Table 3.4: Agency capital budget statement

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by					
Departmental resources	4,512	5,500	5,800	2,000	2,000

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE								
<i>As at 1 July 2001 (opening)</i>	-	17,712	17,712	-	32,185	32,185	11,747	61,644
Additions	-	2,900	2,900	-	1,600	1,600	1,000	5,500
Disposals	-	-	-	-	10,000	10,000	-	10,000
Other movements	-	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	20,612	20,612	-	23,785	23,785	12,747	57,144
ACCUMULATED DEPRECIATION								
<i>As at 1 July 2001 (opening)</i>	-	9,807	9,807	-	23,396	23,396	6,380	39,583
Disposals	-	-	-	-	4,000	4,000	-	4,000
Charge for the reporting period	-	1,684	1,684	-	2,700	2,700	2,002	6,386
Other movements	-	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	11,491	11,491	-	22,096	22,096	8,382	41,969
Net book value								
<i>As at 30 June 2002 (closing book value)</i>	-	9,121	9,121	-	1,689	1,689	4,365	15,175
Net book value as at 1 July 2001 opening book value)	-	7,905	7,905	-	8,789	8,789	5,367	22,061
TOTAL ADDITIONS								
Self funded	-	2,900	2,900	-	1,600	1,600	1,000	5,500
Appropriations	-	-	-	-	-	-	-	-
Total	-	2,900	2,900	-	1,600	1,600	1,000	5,500

**Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
REVENUES					
Non-taxation					
Interest	174	-	-	-	-
Appropriations	16,322	18,025	18,025	16,025	16,025
Other sources of non-taxation revenues	387,312	386,100	391,539	397,060	402,663
Total non-taxation	403,808	404,125	409,564	413,085	418,688
Total revenues administered on behalf of the Government	403,808	404,125	409,564	413,085	418,688
EXPENSES					
Net write down of assets	6,969	4,000	4,000	3,000	3,000
Other	11,648	18,025	18,025	16,025	16,025
Total expenses administered on behalf of the Government	18,617	22,025	22,025	19,025	19,025

**Table 3.7: Note of budgeted administered financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	4,788	3,572	2,572	1,572	572
Receivables	91,769	90,605	90,664	91,504	91,667
Total financial assets	96,557	94,177	93,236	93,076	92,239
Total assets administered on behalf of the Government	96,557	94,177	93,236	93,076	92,239
LIABILITIES					
Provisions and payables					
Other	60,985	61,305	61,325	62,105	62,105
Total provisions and payables	60,985	61,305	61,325	62,105	62,105
Total liabilities administered on behalf of the Government	60,985	61,305	61,325	62,105	62,105
Current liabilities	60,985	61,305	61,325	62,105	62,105
Current assets	96,557	94,177	93,236	93,076	92,239

**Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	347,739	386,433	391,559	397,840	402,663
Appropriations	16,322	18,025	18,025	16,025	16,025
Other	11,942	-	-	-	-
Total cash received	376,003	404,458	409,584	413,865	418,688
Cash used					
Cash to Official Public Account	347,633	384,800	388,500	395,000	400,500
Other	24,716	20,874	22,084	19,865	19,188
Total cash used	372,349	405,674	410,584	414,865	419,688
Net cash from operating activities	3,654	(1,216)	(1,000)	(1,000)	(1,000)
FINANCING ACTIVITIES					
Net increase in cash held	3,654	(1,216)	(1,000)	(1,000)	(1,000)
Cash at beginning of reporting period	1,134	4,788	3,572	2,572	1,572
Cash at end of reporting period	4,788	3,572	2,572	1,572	572

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budgeted statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Agency

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared with:

Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AASB);

Other authoritative pronouncements of the Board; and

Consensus Views of the Urgent Issues Group.

Administered

Revenue

ASIC collects and administers revenue under the *Corporations Act 2001*, the *Corporations (Fees) Act 2001* and Corporations (Fees) Regulations. The revenues from these fees are not available to ASIC and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

Special Appropriations for payments to be made under the *Banking Act 1959* are also reported as part of the Administered Financial Statements.

Expenses

Estimated payments made under the *Banking Act 1959* are included in the Administered Financial Statement.

Appendices 1 and 2

Appendix 1

Non-appropriation agency and administered revenue

	Actual Revenue 2000-01 \$'000	Estimated Revenue 2001-02 \$'000
Agency	12,580	6,879
Administered	403,808	404,125
Total estimated revenue	416,388	411,004

Appendix 2

Estimates of expenses from special appropriations

	Actual Expenses 2000-01 \$'000	Estimated Expenses 2001-02 \$'000
<i>Banking Act 1959</i> - Payments of Banking Unclaimed Moneys	11,648	18,025
Total estimated Expenses	11,648	18,025

AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the 2001-02 Portfolio Budget Statements (page 161).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The ATO is seeking additional departmental appropriations of \$122.2 million and a departmental equity injection of \$2.765 million as outlined below.

MEASURES

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

	2001-02	2002-03	2003-04	2004-05
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Outcome 1				
Increase in departmental appropriations:				
Additional funding to administer the New Tax System	107,500	-	-	-
A Better Superannuation System - Departing				
Temporary Residents	7,455	-	-	-
First Child Tax Refund	7,235	-	-	-
Total	122,190	-	-	-

Additional Funding to administer The New Tax System

The Government has agreed to provide additional funding to the ATO of \$107.5 million due to significant increases in non-GST transactional, lodgement, debt and enquiry workloads flowing from the New Tax System. Without the additional funding, compliance and other service activities would have been reduced to unsustainable levels, so as to allow re-direction of resources to meet this increase in operational demand.

A Better Superannuation System – Departing Temporary Residents

The Government has agreed to provide \$7.455 million to the ATO to allow individuals who hold or have held a temporary residence visa and have departed Australia to access their superannuation benefits prior to reaching preservation age, subject to withholding of tax concessions provided to the benefits.

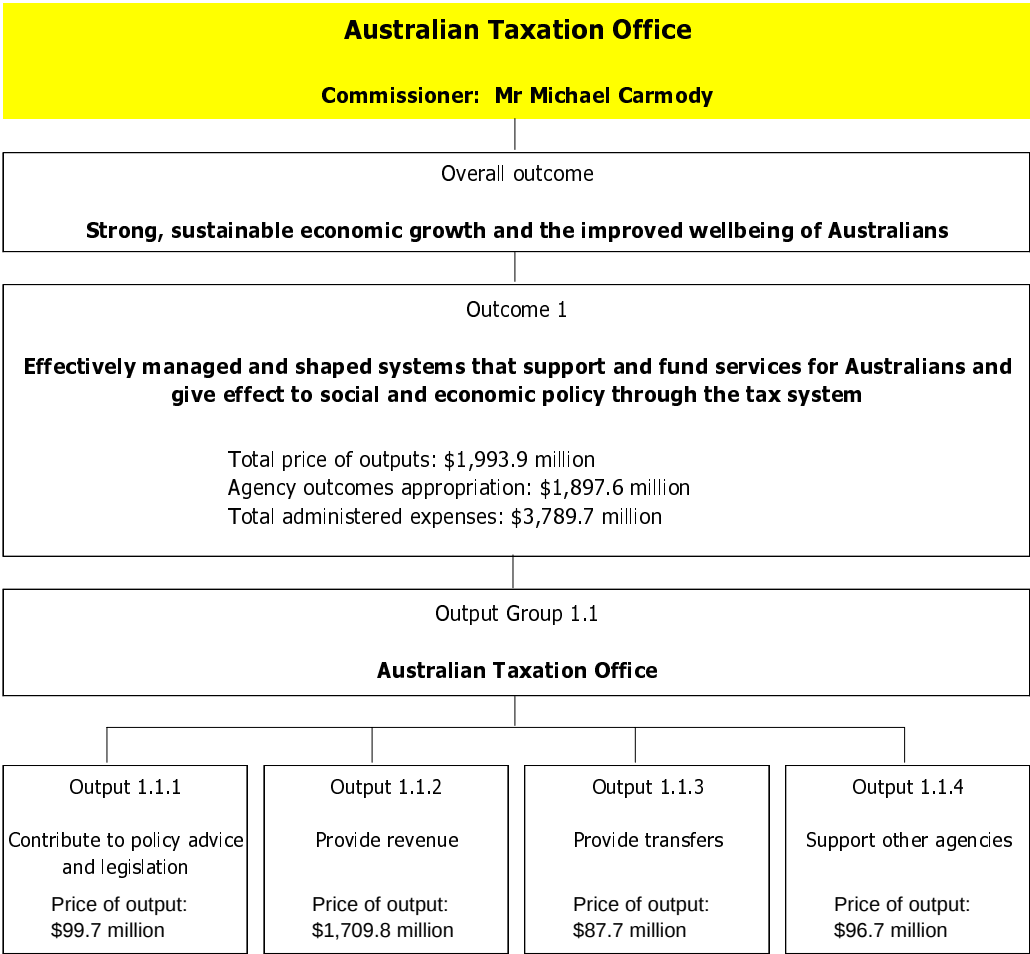
First Child Tax Refund

The Government has agreed to provide \$7.235 million in departmental outputs and \$2.675 million as an equity injection for the First Child Tax Refund.

The First Child Tax Refund will repay to parents caring for their first child born after 1 July 2001 the income tax they paid in the year of, or the year prior to the birth of the child. It will be repaid over five years. The payment will be capped at \$2,500 per year and there will be a minimum payment of \$500 per year for those on incomes up to \$25,000.

The equity injection will allow the ATO to fund enhancement work to its business systems.

Map 2: Outcomes and output groups for the agency



MEASURES: AUSTRALIAN TAXATION OFFICE SUMMARY

Table 1.1: Summary of measures since the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations 2001-02 (\$'000)			Appropriations 2002-03 (\$'000)			Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Additional funding to administer the New Tax System A Better	1	1.1	-	107,500	107,500	-	-	-	-	-	-	-	-	-
Superannuation System - Departing Temporary Residents	1	1.1	-	7,455	7,455	-	-	-	-	-	-	-	-	-
First Child Tax Refund	1	1.1	-	7,235	7,235	-	-	-	-	-	-	-	-	-
Total			-	122,190	122,190	-	-	-	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL**Table 1.2: Appropriation Bill (No. 3) 2001-02**

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 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	1,955,521	1,775,447	1,897,637	122,190	-
Total	1,955,521	1,775,447	1,897,637	122,190	-

Table 1.3: Appropriation Bill (No. 4) 2001-02

	2000-01 available \$'000	2001-02 budget \$'000	2001-02 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Equity injections and loans					
Equity injections and loans	59,145	42,944	45,709	2,765	-
Loans	-	-	-	-	-
Carryover from previous year	-	36,000	36,000	-	-
Administered capital	-	-	-	-	-
Total	59,145	78,944	81,709	2,765	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2001-02 Budget	2001-02 Revised	Variation
Outcome 1			
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	17,500	18,300	800
Total	17,500	18,300	800

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	Total approp 2001-02 budget \$'000	Total approp 2001-02 revised \$'000	Receipts from independent sources budget \$'000	Receipts from independent sources revised \$'000	Variation in non-govt revenue \$'000
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	1,775,447	1,897,637	87,968	89,804	1,836
Total	1,775,447	1,897,637	87,968	89,804	1,836

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The ATO has not made any changes to its outcome or outputs since the 2001-02 Portfolio Budget Statements.

The ATO has, however, commenced a review of its outcome and outputs framework for the ATO's next Pricing Agreement. The new framework will reflect changes in our business deliverables due to tax reform, and new approaches to the way we plan and manage internally. Some of these changes will be reflected in our internal planning documents for 2001-02.

Revised performance information and level of achievement — 2001-02

The ATO has not made any changes to its performance information since the 2001-02 Portfolio Budget Statements.

Section 3: Budgeted Financial Statements

Budgeted agency 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.

Budgeted agency 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.

Budgeted agency cash flow statement

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

Agency capital budget statement

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

**Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
Revenues from ordinary activities					
Revenue from government	1,955,521	1,897,637	1,594,201	1,597,252	1,630,895
Sales of goods and services	90,449	89,804	87,762	88,018	88,018
Interest	6,725	5,000	6,500	7,500	9,000
Net gains from sales of assets	1,121	-	-	-	-
Other	1,511	1,425	1,425	1,425	1,425
Total revenues from ordinary activities	2,055,327	1,993,866	1,689,888	1,694,195	1,729,338
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,147,260	1,151,275	908,431	906,910	916,088
Suppliers	905,416	805,487	674,074	652,903	667,099
Depreciation and amortisation	65,264	80,070	106,361	109,196	125,589
Write down of assets	1,089	-	-	-	-
Net losses from sales of assets	2,513	-	-	-	-
Other	316	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	2,121,858	2,036,832	1,688,866	1,669,009	1,708,776
Borrowing cost expense	42	-	-	-	-
Net surplus or deficit from ordinary activities	(66,573)	(42,966)	1,022	25,186	20,562
Gain or loss on extraordinary items					
Net surplus or deficit	(66,573)	(42,966)	1,022	25,186	20,562
Net credit to asset revaluation reserve	12,258	-	-	-	-
Net surplus or deficit after capital use charge	(54,315)	(42,966)	1,022	25,186	20,562

Table 3.2: Budgeted agency statement of financial position

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	72,933	1,564	2,323	3,104	3,897
Receivables	67,127	30,197	29,069	28,934	29,052
Investments	-	76,633	113,817	152,078	190,951
Total financial assets	140,060	108,394	145,209	184,116	223,900
Non-financial assets					
Land and buildings	72,664	60,342	62,655	72,365	73,417
Infrastructure, plant and equipment	50,546	40,261	33,301	33,175	24,427
Intangibles	192,205	242,845	236,614	232,400	220,507
Other	26,288	25,768	25,561	25,540	25,644
Total non-financial assets	341,703	369,216	358,131	363,480	343,995
Total assets	481,763	477,610	503,340	547,596	567,895
LIABILITIES					
Debt					
Other	4,570	7,091	6,992	6,893	6,814
Total debt	4,570	7,091	6,992	6,893	6,814
Provisions and payables					
Employees	390,160	396,708	421,638	446,571	446,983
Suppliers	148,885	135,518	113,706	108,724	108,918
Other	1,836	-	-	-	-
Total provisions and payables	540,881	532,226	535,344	555,295	555,901
Total liabilities	545,451	539,317	542,336	562,188	562,715
EQUITY					
Capital	174,515	220,224	242,687	242,687	242,687
Reserves	13,087	13,087	13,087	13,087	13,087
Accumulated surpluses or deficits	(251,290)	(295,018)	(294,770)	(270,366)	(250,594)
Total equity	(63,688)	(61,707)	(38,996)	(14,592)	5,180
Current liabilities	275,239	272,144	273,667	283,685	283,951
Non-current liabilities	270,212	267,173	268,669	278,503	278,764
Current assets	165,556	164,129	172,971	188,179	195,155
Non-current assets	316,207	313,481	330,369	359,417	372,740

**Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	1,919,521	1,933,637	1,594,201	1,597,252	1,630,895
Sales of goods and services	105,328	88,066	87,795	87,977	88,018
Interest	6,475	5,000	6,500	7,500	9,000
Other	58,827	90,422	77,525	74,269	75,394
Total cash received	2,090,151	2,117,125	1,766,021	1,766,998	1,803,307
Cash used					
Employees	1,137,471	1,146,611	884,721	883,238	916,982
Suppliers	1,006,097	815,137	694,335	656,539	665,662
Other	647	89,192	76,805	74,452	75,878
Total cash used	2,144,215	2,050,940	1,655,861	1,614,229	1,658,522
Net cash from operating activities	(54,064)	66,185	110,160	152,769	144,785
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	6,268	-	-	-	-
Other	-	-	76,633	113,817	152,078
Total cash received	6,268	-	76,633	113,817	152,078
Cash used					
Purchase of property, plant and equipment	28,608	106,220	94,263	113,306	104,694
Other	95,644	76,633	113,817	152,078	190,951
Total cash used	124,252	182,853	208,080	265,384	295,645
Net cash from investing activities	(117,984)	(182,853)	(131,447)	(151,567)	(143,567)
FINANCIAL ACTIVITIES					
Cash received					
Proceeds from issuing equity instruments	59,145	45,709	22,463	-	-
Total cash received	59,145	45,709	22,463	-	-
Cash used					
Repayments of debt	500	-	-	-	-
Capital use and dividends paid	2,113	410	417	421	425
Total cash used	2,613	410	417	421	425
Net cash from financing activities	56,532	45,299	22,046	(421)	(425)
Net increase in cash held	(115,516)	(71,369)	759	781	793
Cash at the beginning of the reporting period	188,449	72,933	1,564	2,323	3,104
Cash at the end of the reporting period	72,933	1,564	2,323	3,104	3,897

Table 3.4: Agency capital budget statement

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	59,145	45,709	22,463	-	-
Total loans	-	-	-	-	-
Appropriation of previous year accrued revenue	-	36,000	-	-	-
Represented by:					
Purchase of non-financial assets	-	45,709	22,463	-	-
Other	-	36,000	-	-	-
Total	-	81,709	22,463	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	45,709	22,463	-	-
Funded internally by					
Departmental resources	-	60,511	71,800	113,307	104,694
Total amount funded	-	106,220	94,263	113,307	104,694

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total Land and Buildings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROSS VALUE								
<i>As at 1 July 2001 (opening)</i>	-	168,278	168,278	-	117,344	117,344	247,815	533,437
Additions	-	19,300	19,300	-	10,700	10,700	78,103	108,103
Disposals	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	187,578	187,578	-	128,044	128,044	325,917	641,539
ACCUMULATED DEPRECIATION								
<i>As at 1 July 2001 (opening)</i>	-	127,246	127,246	-	87,785	87,785	83,073	298,104
Disposals	-	-	-	-	-	-	-	-
Charge for the reporting period	-	31,622	31,622	-	20,985	20,985	27,463	80,070
Other movements	-	-	-	-	-	-	-	-
<i>As at 30 June 2002 (closing)</i>	-	158,868	158,868	-	108,770	108,770	110,536	378,174
Net book value								
<i>As at 30 June 2002 (closing book value)</i>	-	28,710	28,710	-	19,273	19,273	215,382	263,365
Net book value as at 1 July 2001 opening book value)	-	41,032	41,032	-	29,559	29,559	164,742	235,333
TOTAL ADDITIONS								
Self funded	-	19,300	19,300	-	10,700	10,700	32,394	62,394
Appropriations	-	-	-	-	-	-	45,709	45,709
Total	-	19,300	19,300	-	10,700	10,700	78,103	108,103

**Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
REVENUES					
Taxation					
Income tax	120,859,241	118,885,000	125,105,000	134,075,000	142,600,000
Indirect tax	44,858,608	47,370,000	49,263,000	51,183,000	53,282,000
Other taxes, fees and fines	3,873,858	3,865,000	3,995,000	4,125,000	4,265,000
Total taxation	169,591,707	170,120,000	178,363,000	189,383,000	200,147,000
Non-taxation					
Other sources of non-taxation revenues	8,587	12,000	12,000	12,000	12,000
Total non-taxation	8,587	12,000	12,000	12,000	12,000
Total revenues administered on behalf of the Government	169,600,294	170,132,000	178,375,000	189,395,000	200,159,000
EXPENSES					
Subsidies	2,628,965	2,879,500	2,974,200	3,044,000	3,084,000
Net write-down of assets	1,314,268	700,000	500,000	500,000	500,000
Interest on overpayments	182,945	150,000	150,000	150,000	150,000
Other goods and services expenses	429,241	60,200	60,200	60,200	60,200
Total expenses administered on behalf of the Government	4,555,419	3,789,700	3,684,400	3,754,200	3,794,200

**Table 3.7: Note of budgeted administered financial position
as at 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
ASSETS					
Financial assets					
Cash	251,892	251,892	251,892	251,892	251,892
Receivables	11,248,751	10,243,751	9,408,751	9,393,751	9,393,751
Investments	2,541	2,541	2,541	2,541	2,541
Total financial assets	11,503,184	10,498,184	9,663,184	9,648,184	9,648,184
Non-financial assets					
Other	15,894	15,894	15,894	15,894	15,894
Total non-financial assets	15,894	15,894	15,894	15,894	15,894
Total assets administered on behalf of the Government	11,519,078	10,514,078	9,679,078	9,664,078	9,664,078
LIABILITIES					
Provisions and payables					
Subsidies	85,324	85,324	85,324	85,324	85,324
Provision for Taxation Refunds	1,385,844	1,385,844	1,385,844	1,385,844	1,385,844
Other	336,438	336,438	336,438	336,438	336,438
Total provisions and payables	1,807,606	1,807,606	1,807,606	1,807,606	1,807,606
Total liabilities administered on behalf of the Government	1,807,606	1,807,606	1,807,606	1,807,606	1,807,606
Current liabilities	1,807,606	1,807,606	1,807,606	1,807,606	1,807,606
Current assets	11,516,537	10,511,537	9,676,537	9,661,537	9,661,537
Non-current assets	2,541	2,541	2,541	2,541	2,541

**Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002**

	Actual 2000-01 \$'000	Revised budget 2001-02 \$'000	Forward estimate 2002-03 \$'000	Forward estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes, fees and fines	195,348,799	170,425,000	178,698,000	188,898,000	199,647,000
Appropriations	2,863,751	3,089,700	3,184,400	3,254,200	3,294,200
Other	8,587	12,000	12,000	12,000	12,000
Total cash received	198,221,137	173,526,700	181,894,400	192,164,200	202,953,200
Cash used					
Cash to Official Public Account	195,586,198	170,437,000	178,710,000	188,910,000	199,659,000
Other	2,863,751	3,089,700	3,184,400	3,254,200	3,294,200
Total cash used	198,449,949	173,526,700	181,894,400	192,164,200	202,953,200
Net cash used by operating activities	(228,812)	-	-	-	-
FINANCING ACTIVITIES					
Net decrease in cash held	(228,812)	-	-	-	-
Cash at beginning of reporting period	480,704	251,892	251,892	251,892	251,892
Cash at end of reporting period	251,892	251,892	251,892	251,892	251,892

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Agency

The ATO is budgeting for an operating deficit to 2001-02. Approval for this deficit was obtained from the Treasurer and comes about as a result of pressures on the ATO budget in relation to unexpected workload volumes, the increase in activity to meet community demands and the steps being taken to maintain the integrity of the tax system in transition.

Administered

Recognition of taxation revenue

For 2000-01 to 2001-02 and forward years administered taxation revenue has been brought to account on a year by year basis where:

- the identity of the taxpayer is certain;
- the amount of the liability or refund is certain;
- the liability or entitlement to a refund has been notified to the Commissioner or advised by the taxpayer;
- there is an intention on the part of the Commissioner to collect the liability; and
- there is a legislative intent by the Commonwealth to change the basis or application of taxation law.

This recognition policy does not include the following item as revenue of the period:

- estimates of future collections or refunds from Individuals in respect of income tax returns to be lodged for the current financial year ended at 30 June;
- estimates of installments of tax and final payments for companies due after 30 June;
- estimates of final amounts for Petroleum Rent Resource Tax due after 30 June; and

Part C: Agency additional estimates statements — ATO

- actual payments for Pay As You Go, Goods and Services Tax, Excise and Withholding Taxes for amounts collected or withheld in June but not remitted to the Commissioner until July.

Items recognised as reductions to taxation revenue

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

- refunds of revenue;
- increase (decrease) in movement of provision for credit amendments;
- diesel fuel rebates and diesel fuel credits; and
- increases (decreases) in movement of provision for diesel fuel rebates.

Appendices 1 and 2

Appendix 1

Non-appropriation agency and administered revenue

	Budget Estimate 2001-02 \$'000	Revised Estimate 2001-02 \$'000
AGENCY REVENUE		
Agency section 31 receipts	87,968	89,804
Interest Revenue	5,500	5,000
Total non-appropriation agency revenue	93,468	94,804
Appropriations	1,775,447	1,882,934
Total agency estimated revenue	1,868,915	1,977,738
ADMINISTERED REVENUE		
Total taxation Revenue	168,373,549	170,120,000
<i>Superannuation Guarantee (Administration) Act 1992 -</i> shortfalls, penalties and fines	100,000	130,000
<i>Superannuation Guarantee (Supervision) Act 1993 -</i> Unclaimed monies	200	200
Miscellaneous receipts	12,000	12,000
GST administration charged to states	-	-
Total non-appropriation administered revenue	168,485,749	170,262,200
Appropriations	3,089,700	3,089,700
Total administered revenue	171,575,449	173,351,900

Appendix 2

Estimates of expenses from special appropriations

	Budget estimate 2001-02 \$'000	Revised estimate 2001-02 \$'000
ESTIMATED EXPENSES		
Refunds of Receipts - <i>Taxation Administration Act 1953</i>	11,248,066	10,700,000
<u>Less</u> amount of refunds deducted from receipts items	(11,248,066)	(10,700,000)
Diesel fuel rebate	1,980,000	1,980,000
Conversion of diesel fuel credit scheme to diesel and alternative fuels grants scheme	665,000	665,000
Product Stewardship Waste Oil	24,500	24,500
Assistance for cellar door and mail order sales of wine	-	-
Fuel sales grants scheme	210,000	210,000
<i>Superannuation Guarantee (Administration) Act 1992</i> - Distribution of charges	60,000	60,000
<i>Superannuation Guarantee (Supervision) Act 1993</i> - Repayments of unclaimed moneys	200	200
<i>Taxation Administration Act 1953 - Taxation (interest on overpayments and early payment) Act 1983</i>	150,000	150,000
Total estimated Expenses	3,089,700	3,089,700

TECHNICAL TERMS

Additional estimates	Where amounts appropriated at budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts . This is the Additional Estimates process.
Additional estimates bills or acts	These are Appropriation Bills 3 and 4, and a separate bill for the Parliamentary Departments (Appropriations (Parliamentary Departments) Bill (No 2)). These Bills are introduced into Parliament after the Budget Bills.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Annotated appropriation	A form of appropriation which allows an agency access to certain moneys it receives in payment of services. The nature and extent of the amount to be appropriated are specified in agreements made under Section 31 of the <i>Financial Management and Accountability (FMA) Act 1997</i> between the financial manager and the responsible Minister.
Annual appropriation	Two Appropriation Bills are introduced into Parliament in May and comprise the Budget. Further bills are introduced later in the financial year as part of the Additional Estimates .
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund .
Commonwealth funds	
<i>Consolidated Revenue Fund</i>	(CRF) — This is the principal working fund of the Commonwealth. The Constitution requires an appropriation of moneys by the Parliament before any expenditure can be made from the CRF (s83).
<i>Loan Fund</i>	Established by the <i>Financial Management and Accountability Act 1997</i> , the Loan Fund contains all moneys raised by loan on the public credit of the Commonwealth. Expenditure from the Loan Fund is limited to the purpose for which the moneys were raised.

<i>Financial Management and Accountability (FMA) Act 1997</i>	The principal legislation governing the proper use and management of public money and public property and other Commonwealth resources. FMA Regulations and FMA Orders are made pursuant to the Act.
Forward estimates	A system of rolling three year financial estimates. After the budget is passed, the first year of the forward estimates becomes the base for next year's budget bid, and another out year is added to the forward estimates.
Outcomes	Results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Output groups	The aggregation based on homogeneity, type of product or beneficiary target group, of outputs.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs include goods and services produced for other areas of government external to the agency.
Portfolio Budget Statements	Statements prepared by portfolios to explain the budget appropriations in terms of government outcomes.
Price	The amount the government or the community pays for the delivery of agreed outputs.
Quality	Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between users' expectations and experiences.
Quantity	Size of an output. Count or volume measures.
Revenue	The main way the government funds its outcomes. It is mainly tax revenue, fees for regulatory services performed by government and interest and dividends received.
Section 31 receipts	See Annotated appropriation .

Special appropriations

Monies appropriated by Parliament in an act separate from an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.

Third party outputs

Goods or services delivered to the community by entities outside the Commonwealth General Government Sector. They are outputs wholly or partly funded by administered items and are directed to achieving planned outcomes.

ACRONYMS

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
AGA	Australian Government Actuary
ANAO	Australian National Audit Office
AOFM	Australian Office of Financial Management
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CASAC	Companies and Securities Advisory Committee
CSA	Child Support Agency
CTC	Competitive Tendering and Contracting
CUC	Capital Use Charge
DOFA	Department of Finance and Administration
EFIC	Export Finance and Insurance Corporation
FaCS	Department of Family and Community Services
FMA	<i>Financial Management and Accountability Act 1997</i>
GST	Goods and Services Tax
IMF	International Monetary Fund
IT	Information Technology
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
NAO	New Agency Outcomes
NCC	National Competition Council
nfp	Not for publication
PC	Productivity Commission
SCT	Superannuation Complaints Tribunal
SPP	Special Purpose Payments
TPA	Trade Practices Act
UIG	Urgent Issues Group

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