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 ($'000)	2002-03 ($'000)	2003-04 ($'000)	2004-05 ($'000)
Outcome 1				
Increase in departmental appropriations:				
Additonal 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

Australian Taxation Office

Commissioner: Mr Michael Carmody

Overall outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

Outcome 1

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

Total price of outputs: $1,993.9 million
Agency outcomes appropriation: $1,897.6 million
Total administered expenses: $3,789.7 million

Output Group 1.1

Australian Taxation Office

Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4
Contribute to policy advice and legislation	Provide revenue	Provide transfers	Support other agencies
Price of output: $99.7 million	Price of output: $1,709.8 million	Price of output: $87.7 million	Price of output: $96.7 million

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
Additonal funding to administer the New Tax System	1	1.1	-	107,500	107,500	-	-	-	-	-	-	-	-	-
A Better 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
Infrastucture,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 Buidings	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								
As at 1 July 2001 (opening)	-	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	-	-	-	-	-	-	-	-
As at 30 June 2002 (closing)	-	187,578	187,578	-	128,044	128,044	325,917	641,539
ACCUMULATED DEPRECIATION								
As at 1 July 2001 (opening)	-	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	-	-	-	-	-	-	-	-
As at 30 June 2002 (closing)	-	158,868	158,868	-	108,770	108,770	110,536	378,174
Net book value As at 30 June 2002 (closing book value)	-	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

- 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
Superannuation Guarantee (Administration) Act 1992 - shortfalls, penalties and fines	100,000	130,000
Superannuation Guarantee (Supervision) Act 1993 - 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 - *Taxation Administration Act 1953*	11,248,066	10,700,000
Less 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
Superannuation Guarantee (Administration)Act 1992 - Distribution of charges	60,000	60,000
Superannuation Guarantee (Supervision) Act 1993- Repayments of unclaimed moneys	200	200
Taxation Administration Act 1953 - Taxation (interest on overpayments and early payment) Act 1983	150,000	150,000
Total estimated Expenses	3,089,700	3,089,700