AUSTRALIAN TAXATION OFFICE

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The role of the Australian Taxation Office (ATO) is to manage and shape taxation, excise and superannuation systems that fund services for Australians, giving effect to social and economic policy. Through these systems the ATO is the Government's principal revenue management agency. In 2001-02, the ATO will collect 92 per cent of the Commonwealth Government's revenue on behalf of the Australian community (this excludes GST collections).

The ATO also supports the delivery of community benefits, having roles in other services, including:

- Private Health Insurance;
- Family Assistance;
- the Australian Valuation Office;
- the Development Allowance Authority; and
- cross-agency support, such as working with Centrelink to reduce benefit fraud, with the Child Support Agency (CSA) to ensure income transfer for the care of children, and with the Australian Bureau of Statistics to reduce the cost to the community of collecting statistical data.

APPROPRIATIONS

The total appropriation for the ATO in the 2001-02 Budget is $4,908.1 million. Table 1.1, on the following page, shows the total appropriations by administered expenses, price of output appropriation and agency capital (equity injections and loans).

Australian Taxation Office — appropriations 2001-02

Table 1.1: Appropriations and other revenue

Outcome	Agency (price of outputs) ($'000)					Administered ($'000)				($'000)
	Revenue from Government (appropriations)			Revenue from other sources[3]	Price of outputs[2]	Annual appropriations		Special approps	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs)			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
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			(C1)[1]		(E1)[1]				(I1)[1]	
	1,775,447	-	1,775,447	93,468	1,868,915	-	-	3,089,700	3,089,700	4,865,147
			*95%	5%	100%					
Total	1,775,447	-	(K1)[1] 1,775,447	93,468	1,868,915	-	-	3,089,700	(K2)[1] 3,089,700	4,865,147
								Agency capital (equity injections and loans)	(K3)[1]	42,944
								Administered capital		-
								Total appropriations		4,908,091

(1) C1, E1 and I1 refer to information provided in Table 2.1. K1 refers to information provided in Table 3.1. K2 refers to information provided in Table 3.6. K3 refers to information provided in Table 3.4.
(2) Refer to Table 3.1 for application of agency revenue.
(3) Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from sources other than government (for example, sales of goods and services) and excludes GST credits. Non-appropriated agency and administered revenues are detailed in Appendix 1.
* Percentage figures indicate the percentage contribution of revenue from government (agency appropriations) to the total price of outputs, by outcome.

BUDGET MEASURES — AUSTRALIAN TAXATION OFFICE SUMMARY

Table 1.2: Summary of measures in the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations budget 2001-02 ($'000)			Appropriations estimate 2002-03 ($'000)			Appropriations estimate 2003-04 ($'000)			Appropriations estimate 2004-05 ($'000)		
			Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total
Education campaign and other information initiatives for choice of superannuation fund and related measures	1	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Simplification of Business Activity Statements	1	1.1	-	38,000	38,000	-	-	-	-	-	-	-	-	-

Table 1.2b: Summary of post MYEFO measures

Measure	Outcome	Output groups affected	Post MYEFO measures affecting 2000-01 ($'000)		
			Administered expenses	Agency outputs	Total
GST Start-up Office residual funding	1	1.1	-	22,000	22,000
Simplification of Business Activity Statements	1	1.1	-	14,000	14,000

ADMINISTERED CAPITAL AND AGENCY EQUITY INJECTIONS AND LOANS

The ATO does not have an appropriation for an equity injection or loan, or an appropriation for administered capital in 2001-02. ATO's agency capital appropriation including equity injections and loans are detailed in Table 3.4.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

Chart 6 on the following page shows the relationship between Government outcomes and the contributing outputs for the Australian Taxation Office (ATO). Financial detail for Outcome 1 by output appears in Table 2.1 while non-financial information for Outcome 1 appears in Table 2.2.

Chart 6: Outcomes and output groups

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: $1,868.9 million
Agency outcomes appropriation: $1,775.4 million
Total administered expenses: $3,589.7 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: $90.5 million	Price of output: $1,593.6 million	Price of output: $87.6 million	Price of output: $97.2 million

CHANGES TO OUTCOMES AND OUTPUTS

There are no proposed changes in outcomes or outputs since the previous year.

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.

OUTCOME 1 — DESCRIPTION

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

There is a single government outcome relating to the ATO which is 'effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system'.

In this context, 'effectively managed and shaped' means how well the ATO:

- implements tax reform structure whilst delivering our principal business outcomes;
- maintains compliance behaviour through providing comprehensive education and support services to the community and developing compliance strategies to address compliance risks, such as aggressive tax planning and the cash economy;
- minimises the costs of compliance through integrated taxation system design, and supporting the community to meet their tax obligations; and
- maintains community confidence through working in partnership with the community to foster community ownership of the tax system and providing timely and professional service.

This will be achieved through ensuring that the ATO is an efficient and adaptive organisation.

Measures affecting Outcome 1

Education campaign and other information initiatives for choice of superannuation fund and related measures

The Government will allocate $14 million over two years to the Australian Taxation Office to implement an education and communication campaign and other information initiatives for the Government's choice of superannuation fund and related measures. The choice of superannuation and related measures will make it easier for employees/members to select their own superannuation fund and to pursue their own needs within the superannuation system.

The Australian Taxation Office will absorb the cost of implementing the education and communication campaign and other information initiatives.

Simplification of Business Activity Statements

The Government will provide the Australian Taxation Office with funding of $52 million over two years to fund development and implementation of simplified Business Activity Statements and Instalment Activity Statements. It is expected that $14 million will be spent in 2000-01. The funding will also cover an information and communciations campaign to inform taxpayers about the simplified reporting arrangements.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2001-02 appropriations translate to total resourcing for Outcome 1.

Table 2.1: Total resources for Outcome 1

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000
Administered appropriations		
Special appropriations	2,887,600	3,089,700
Total administered appropriations	2,887,600	(I1)[1] 3,089,700
Agency appropriations		
Output Group 1.1 Australian Taxation Office		
Output 1.1.1 Contribute to policy advice and legislation	97,554	88,772
Output 1.1.2 Provide revenue	1,760,506	1,593,602
Output 1.1.3 Provide transfers	72,666	72,494
Output 1.1.4 Support other agencies	20,357	20,579
Total revenue from government (appropriations)	1,951,083	(C1)[1]1,775,447
Contributing to price of agency outputs	95%	95%
Revenue from other sources		
Output Group 1.1 Australian Taxation Office		
Output 1.1.1 Contribute to policy advice and legislation	1,700	1,700
Output 1.1.2 Provide revenue	-	-
Output 1.1.3 Provide transfers	14,733	15,166
Output 1.1.4 Support other agencies	78,141	76,602
Total revenue from other sources	94,574	93,468
Total price from agency outputs (Total revenue from government and from other sources)	2,045,657	(E1)[1]1,868,915
Administered capital	-	-
Total estimated resourcing for Outcome 1 (Total price of outputs and administered expenses)	4,933,257	4,958,615

	2000-01	2001-02
Average staffing level (number)	19,000	17,500

(1) C1, E1 and I1 — see Table 1.1.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Table 2.2 details the performance indicators used to assess our achievement of Outcome 1, and shows the link between the outputs and the outcome.

There are four distinct outputs that contribute to Outcome 1:

- contribution to policy advice and legislation supports the formulation of effective taxation, excise and superannuation policy and the reflection of that policy in legislation and includes provision of Ministerial and Parliamentary Services;
- revenue contributes to effective taxation and excise arrangements through managing and shaping taxation systems that collect revenue effectively and efficiently which, in turn, maintains community confidence in the taxation and excise systems;
- transfers effect the movement of money to support government redistribution and savings initiatives such as Retirement Income and Family Initiatives; and
- cross agency support provides services, such as data matching and the provision of statistical information to other agencies (not involving monies).

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2: Performance information for Outcome 1

Effectiveness — Overall achievement of the outcome	
Deliver to Government	
Agreed outputs	Performance for quantity, quality and cost measures for: • contribution to policy advice and legislation; • provide revenue; • provide transfers; and • support other agencies. (See next page for details).
Maintain overall compliance	Lodgment and payment compliance.
Tax design capability	Improved quality of stakeholder interactions with the systems we administer.
Tax reform infrastructure	Tax reform is effectively implemented on time.
Maintain community confidence	Community perceptions of the ATO. Meeting ATO commitments in the Taxpayers' Charter. Client satisfaction with ATO services.
Minimise compliance costs	Implementation of ATO measures to minimise compliance costs.

Table 2.2: Performance information for Outcome 1 (continued)

Effectiveness – overall achievement of the outcome (continued)	
Efficient, adaptive organisation	Viability of our financial position. Efficiency and effectiveness of our key processes. Degree to which we have developed our people, culture, supporting systems and a safe work place.
Performance information for agency outputs	
Output Group 1.1 — Australian Taxation Office	
Output 1.1.1 — Contribution to policy advice and legislation Includes conducting strategic research/risk assessment Provide policy advice, design and develop legislation Provide Ministerial and Parliamentary Services.	Quantity measures • capacity to predict and manage risks; • legislation delivered according to government programmes; • costings/estimates delivered to anticipated volume; and • volume of services delivered. Quality measures — strategic intelligence • no significant risks remain unaddressed; • quality of legislation including consistency with policy, legislation and administration principles; • accuracy of revenue estimates; • current standard maintained; and • client satisfaction with services provided.
Output 1.1.2 — Provide revenue Includes Direct Revenue which includes Pay As You Go (Withholding), Gross Other Individuals, Medicare Levy, Individual refunds, companies superannuation funds (including Superannuation Contributions Surcharge), withholding taxes, petroleum resource rent tax and Fringe Benefits Tax. Indirect Revenue includes Excise, GST, Wine Equalisation Tax and Luxury Car Tax.	Quantity measures • tax collected as a percentage of estimate; and • current standard maintained. Quality measures • percentage of tax collected on time; • current standard maintained; • level of overdue debt as a percentage of total collectable debt is reduced; • technical quality of advice maintained; • charter service standards maintained; • improved professionalism in field operations; and • debt collection and maintenance of community confidence.

Table 2.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)	
Output 1.1.3 — Provide transfers Includes all movement of monies (value) that are not classed as revenue including tax expenditures, Diesel Fuel Rebate, Diesel and Alternative Fuels Grants Scheme, Fuel Sales Grants scheme, Family Assistance Initiatives (Private Health Insurance, Family Tax Benefit and Aged Persons Savings Bonus), Higher Education Contribution Scheme, Retirements Incomes Framework (including Compulsory Super, Superannuation Holding Accounts Reserve,, Choice, Lost Members), Self Managed Super Funds , refund garnishees — transfers for example, Centrelink, the Department of Education, Training and Youth Affairs and the CSA; and wool tax.	Quantity measures Monetary value of: • expenditure; • outlay; • transfers; • refunds; • number of obligated employers; and • the number of funds regulated (from 2000-01). Quality measures • As for revenue (same measure); • charter service standards maintained; • technical quality maintained; and • achievement of measures as specified in memorandums of understanding with other agencies.
Output 1.1.4 — Support other agencies Includes services to other organisations that do not involve movement of monies (administered funds). Includes the transfer of statistical information, data matching, information to law enforcement agencies, tax technical advice to other Government agencies, support for tax agents board and Child Support Agency.	Quantity measures • Quantity of output is as determined by agreement with clients and measures as specified in MOUs with other agencies. Quality measures • Measures as specified in MOUs with other agencies.

Evaluations

The Australian National Audit Office and ATO Internal Audit have a rolling programme of issues that are audited during the financial year. Other issues are evaluated within the ATO during the financial year as required.

Competitive tendering and contracting

The ATO has continued with its competitive tendering and contracting (CTC) process across a wide range of its activities. As part of the ATO's performance improvement and CTC strategy, functions continue to be benchmarked and expenditure reduced to benchmark levels. These other functions include data capture and management, property services, regional copying and forms storage and distribution.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Taxation Office (ATO) 2000-01 Annual Report, and for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

These budgeted financial statements and administered notes are consistent with the forms of financial statements specified under the draft 2001-02 'Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities'.

AGENCY STATEMENTS

Budgeted agency statement of financial performance

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 financial position

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 statement of cash flows

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.

Agency non-financial assets — summary of movement

This statement shows the movement in the ATO's non-financial assets over the Budget year 2001-02.

ADMINISTERED NOTES

Details of transactions administered by the ATO on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Revenues from ordinary activities		(K1)(1)			
Revenue from government	1,951,083	1,775,447	1,585,509	1,595,795	1,630,895
Sale of goods and services	88,578	87,968	87,762	88,018	88,018
Interest	5,996	5,500	6,500	7,500	9,000
Total revenues from ordinary activities	2,045,657	1,868,915	1,679,771	1,691,313	1,727,913
Expenses from ordinary activities (excluding borrowing cost expense)					
Employees	1,120,587	1,016,134	903,637	906,109	916,088
Suppliers	925,819	805,880	672,426	652,772	666,778
Depreciation and amortisation	68,209	90,203	103,091	107,244	122,471
Other	407	381	325	334	334
Total expenses from ordinary activities (excluding borrowing cost expense)	2,115,022	1,912,598	1,679,479	1,666,459	1,705,671
Borrowing cost expense	45	45	45	45	45
Net surplus or deficit from ordinary activities	-69,410	-43,728	247	24,809	22,197
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	-69,410	-43,728	247	24,809	22,197
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	-69,410	-43,728	247	24,809	22,197

(1) K1 — see Table 1.1.

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	1,338	1,972	3,188	3,912	5,393
Receivables	56,603	19,405	18,361	18,236	18,356
Investments	65,541	96,609	156,234	191,685	264,265
Other	2,854	2,125	1,709	1,479	1,374
Total financial assets	126,336	120,111	179,492	215,312	289,388
Non-financial assets					
Land and buildings	88,357	72,914	74,175	68,166	60,014
Infrastucture, plant and equipment	69,887	69,305	66,460	73,513	68,660
Intangibles	174,854	187,323	154,799	161,080	147,612
Other	19,464	19,673	19,882	20,091	20,300
Total non-financial assets	352,562	349,215	315,316	322,850	296,586
Total assets	478,898	469,326	494,808	538,162	585,974
LIABILITIES					
Debt					
Loans	500	500	500	500	500
Leases	20,860	10,052	4,425	191	-
Other	1,937	1,508	1,409	1,310	1,231
Total debt	23,297	12,060	6,334	2,001	1,731
Provisions and payables					
Employees	375,467	406,242	430,520	455,756	479,958
Suppliers	152,547	123,346	106,691	104,333	106,016
Total provisions and payables	528,014	529,588	537,211	560,089	585,974
Total liabilities	551,311	541,648	543,545	562,090	587,705
EQUITY					
Capital	178,953	221,897	244,360	244,360	244,360
Reserves	2,454	3,329	4,204	4,204	4,204
Accumulated surpluses or deficits	-253,820	-297,548	-297,301	-272,492	-250,295
Total equity	-72,413	-72,322	-48,737	-23,928	-1,731
Current liabilities	286,157	281,142	282,126	291,752	305,049
Non-current liabilities	265,154	260,506	261,419	270,338	282,656
Current assets	235,580	230,872	243,407	264,735	288,252
Non-current assets	243,318	238,454	251,401	273,427	297,722

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

	Estimated actual 2000-01 $'000	Budget estimate 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	1,915,083	1,799,447	1,585,509	1,595,795	1,630,895
Sale of goods and services	88,480	88,068	87,794	87,977	88,018
Interest	5,996	5,500	6,500	7,500	9,000
Other	-	7,715	6,616	5,604	5,440
Total cash received	2,009,559	1,900,730	1,686,419	1,696,876	1,733,353
Cash used					
Employees	1,131,708	986,761	880,046	882,455	893,185
Suppliers	912,695	840,840	700,573	665,263	671,407
Total cash used	2,044,403	1,827,601	1,580,619	1,547,718	1,564,592
Net cash from operating activities	-34,844	73,129	105,800	149,158	168,761
INVESTING ACTIVITIES					
Cash received					
Other	-	65,541	96,609	156,234	191,685
Total cash received	-	65,541	96,609	156,234	191,685
Cash used					
Purchase of property, plant and equipment	150,309	84,370	67,421	112,984	94,700
Other	65,541	96,609	156,234	191,685	264,265
Total cash used	215,850	180,979	223,655	304,669	358,965
Net cash from investing activities	-215,850	-115,438	-127,046	-148,435	-167,280
FINANCING ACTIVITIES					
Cash received					
Proceeds from issuing equity instruments	63,583	42,944	22,463	-	-
Total cash received	63,583	42,944	22,463	-	-
Net cash from financing activities	63,583	42,944	22,463	-	-
Net increase in cash held	-187,111	635	1,217	723	1,481
Cash at beginning of reporting period	188,449	1,337	1,971	3,189	3,912
Cash at end of reporting period	1,338	1,972	3,188	3,912	5,393

Table 3.4: Agency capital budget statement

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Capital appropriations		(K3)[1]			
Total equity injections	59,145	42,944	22,463	-	-
Total loans	4,438	36,000	-	-	-
Total	63,583	78,944	22,463	-	-
Represented by:					
Purchase of non-current assets	63,583	42,944	22,463		
Other	-	36,000	-	-	-
Total	63,583	78,944	22,463	-	-
Purchase of non-current assets					
Funded by capital appropriations	63,583	42,944	22,463	-	-
Funded internally by agency resources	86,726	41,426	44,958	112,984	94,700
Total	150,309	84,370	67,421	112,984	94,700

(1) K3 — see Table 1.1.

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								
As at 1 July 2001 (opening)	512	238,042	238,554	-	160,298	160,298	246,248	645,100
Additions	-	5,500	5,500	-	14,206	14,206	66,066	85,772
Other movements	-	-	-	-	875	875	-	875
As at 30 June 2002 (closing)	512	243,542	244,054	-	175,379	175,379	312,314	731,747
ACCUMULATED DEPRECIATION								
As at 1 July 2001 (opening)	-	150,197	150,197	-	90,411	90,411	71,394	312,002
Charge for the reporting period	-	20,943	20,943	-	15,663	15,663	53,597	90,203
As at 30 June 2002 (closing)	-	171,140	171,140	-	106,074	106,074	124,991	402,205
Net book value As at 30 June 2002 (closing book value)	512	72,402	72,914	-	69,305	69,305	187,323	329,542
Net book value As at 1 July 2001 (opening book value)	512	87,845	88,357	-	69,887	69,887	174,854	333,098
TOTAL ADDITIONS								
Self funded	-	5,500	5,500	-	14,206	14,206	23,122	42,828
Appropriations	-	-	-	-	-	-	42,944	42,944
Total	-	5,500	5,500	-	14,206	14,206	66,066	85,772

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
REVENUES					
Taxation					
Income tax	120,527,989	117,252,049	124,257,455	133,834,514	142,694,054
Other indirect tax	2,126,928	810,000	853,000	878,000	902,000
GST	23,880,000	27,480,000	29,170,000	30,830,000	32,600,000
Fringe Benefits Tax	3,550,000	3,770,000	3,900,000	4,030,000	4,170,000
Excise	19,281,064	19,050,000	19,240,000	19,475,000	19,780,000
Total taxation	169,365,981	168,362,049	177,420,455	189,047,514	200,146,054
Non-taxation		(K2)[1]			
Appropriations	2,887,600	3,089,700	3,184,400	3,254,200	3,294,200
Other non-taxation revenue	-253,900	123,500	123,500	123,500	123,500
Total non-taxation	2,633,700	3,213,200	3,307,900	3,377,700	3,417,700
Total revenues administered on behalf of the Government	171,999,681	171,575,249	180,728,355	192,425,214	203,563,754
EXPENSES					
Subsidies	1,892,400	2,004,500	2,084,200	2,134,000	2,154,000
Grants	785,000	875,000	890,000	910,000	930,000
Net writedown of assets	630,000	500,000	500,000	500,000	500,000
Interest	150,000	150,000	150,000	150,000	150,000
Other	60,200	60,200	60,200	60,200	60,200
Total expenses administered on behalf of the Government	3,517,600	3,589,700	3,684,400	3,754,200	3,794,200
Net cost to government	168,482,081	167,985,549	177,043,955	188,671,014	199,769,554
Cash transfer to/from DOFA	-164,200,896	-169,255,549	-178,223,955	-188,911,014	-199,959,554
Opening accumulated results	4,572,168	8,853,353	7,583,353	6,403,353	6,163,353
Accumulated results after transfer	8,853,353	7,583,353	6,403,353	6,163,353	5,973,353

(1) K2 – see Table 1.1

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	139,289	139,289	139,289	139,289	139,289
Receivables	10,005,220	8,735,220	7,555,220	7,315,220	7,125,220
Investments	2,541	2,541	2,541	2,541	2,541
Total financial assets	10,147,050	8,877,050	7,697,050	7,457,050	7,267,050
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of the Government	10,147,050	8,877,050	7,697,050	7,457,050	7,267,050
LIABILITIES					
Provisions and payables					
Other	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
Total provisions and payables	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
Total liabilities administered on behalf of the Government	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
EQUITY					
Accumulated results	8,853,353	7,583,353	6,403,353	6,163,353	5,973,353
Total equity	8,853,353	7,583,353	6,403,353	6,163,353	5,973,353
Total liabilities and equity	10,147,050	8,877,050	7,697,050	7,457,050	7,267,050
Current liabilities	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
Non-current liabilities	-	-	-	-	-
Current assets	10,144,509	8,874,509	7,694,509	7,454,509	7,264,509
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

	Estimated actual 2000-01 $'000	Budget estimate 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	163,847,481	169,243,549	178,211,955	188,899,014	199,947,554
Appropriations	2,887,600	3,089,700	3,184,400	3,254,200	3,294,200
Other	12,000	12,000	12,000	12,000	12,000
Total cash received	166,747,081	172,345,249	181,408,355	192,165,214	203,253,754
Cash used					
Subsidies	1,892,400	2,004,500	2,084,200	2,134,000	2,154,000
Grants	785,000	875,000	890,000	910,000	930,000
Interest	150,000	150,000	150,000	150,000	150,000
Cash to Official Public Account	164,200,896	169,255,549	178,223,955	188,911,014	199,959,554
Other	60,200	60,200	60,200	60,200	60,200
Total cash used	167,088,496	172,345,249	181,408,355	192,165,214	203,253,754
Net cash from operating activities	-341,415	-	-	-	-
Net increase in cash held	-341,415	-	-	-	-
Cash at beginning of reporting period	480,704	139,289	139,289	139,289	139,289
Cash at end of reporting period	139,289	139,289	139,289	139,289	139,289

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

The budgeted financial statements have been prepared in accordance with the Goods and Services Tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. 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 thus net of recoverable GST amounts.

Notes to the agency statements

Details of agency items in the financial statements included in Table 3.1 to 3.5 have been prepared in accordance with Schedule 2 of the Finance Minister's Orders for 1997-98.

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

Cost of administering Goods and Services Tax (GST)

Agency statements for 2000-01 and forward years include the estimated costs of administering the proposed GST pursuant to the 'intergovernmental agreement on the reform of Commonwealth — state financial relations', the GST revenue is collected on behalf of the states and territories which agree to compensate the Commonwealth for the agreed GST administration costs.

The recovery of GST administration costs are reported under the Department of the Treasury.

Costs of administering other tax reform proposals

Agency statements for 2000-01 and forward years include a cost estimated for taxation reform proposals announced by the Government as part of *A New Tax System* or the result from the Government's response to the recommendations made by the Review of Business Taxation.

Operating loss

In implementing tax reform, whilst maintaining the requirement of ongoing administration, the ATO is absorbing greater workloads than anticipated. The financial consequence has been an increase of $33.1 million in the budgeted operating loss for 2000-01 with the loss increasing from $36.3 million to $69.4 million, while for 2001-02 the expected operating loss has increased from $2.2 million to $43.7 million.

Resourcing

The ATO is currently undergoing a Pricing Review. Through evaluation of the ATO's outputs, which will include the costing and benchmarking of those outputs, the Review aims to establish appropriate prices for the ATO's outputs. The results of the Review will take effect from 2002-03.

Notes to the administered statements

Details of administered items in the financial statements included in Table 3.6 to 3.8 have been prepared in accordance with Schedule 2 of the Finance Ministers Orders for 1997-98. These statements incorporate a change in revenue recognition policy from prior years.

The budget statements and forward years have been prepared on the basis noted below and to reflect the following matters.

Recognition of taxation revenue

For 1999–2000, 2000–01 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 instalments 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, GST, 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.

Section 4: Purchaser/provider

Cross agency support overview

In 2000-01 the ATO entered into purchaser/provider arrangements with both the Department of Family and Community Services (FaCS) and the Department of Health and Aged Care which will see the ATO continuing to provide services to each of these departments to enable them to achieve their stated Outcomes in 2001-02.

The ATO will be providing services to FaCS for the Family Assistance Office and the Child Support Agency.

The ATO will also be providing services to the Department of Health and Aged Care for the implementation of the Private Health Insurance rebate.

Appendix 1

Non-appropriation agency and administered revenue

	Estimated revenue 2000-01 $'000	Estimated revenue 2001-02 $'000
Estimated revenue		
External agency revenue	94,574	93,468
Total taxation revenue	169,377,481	168,373,549
Superannuation Guarantee (Administration) Act 1992 - shortfalls, penalties and fines	100,000	100,000
Miscellaneous receipts	12,000	12,000
Superannuation Guarantee (Supervision) Act 1993 - unclaimed monies	200	200
GST administration charged to States and Territories	-377,400	-
Total estimated revenue	169,206,855	168,579,217

Appendix 2

Estimates of expenses from special appropriations

	Estimated expenses 2000-01 $'000	Estimated expenses 2001-02 $'000
Estimated expenses		
Taxation Administration Act 1953 - refunds of receipts	11,165,000	11,248,066
Less amount of refunds deducted from receipt items	-11,165,000	-11,248,066
Diesel fuel rebate	1,880,000	1,980,000
Conversion of diesel fuel credit scheme to diesel and alternative fuel grants scheme	580,000	665,000
Product stewardship waste oil	12,400	24,500
Assistance for cellar door and mail order sales of wine	-	-
Fuel sales grants scheme	205,000	210,000
Superannuation Guarantee (administration) Act 1992 - distribution of charges	60,000	60,000
Superannuation Guarantee (Supervision) Act 1993 - repayments of unclaimed monies	200	200
Taxation Administration Act 1953 - *(interest on overpayments and early payment) Act 1983*	150,000	150,000
Total estimated expenses	2,887,600	3,089,700