

BUDGET★
PORTFOLIO BUDGET STATEMENTS 2008-09
BUDGET RELATED PAPER NO. 1.17

TREASURY PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS
APPROPRIATIONS SPECIFIED BY OUTCOMES
AND OUTPUTS BY AGENCY

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President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2008-09 Budget for the Treasury portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wayne Swan', written in a cursive style.

Wayne Swan

Abbreviations and conventions

The following notations may be used:

..	not zero, but rounded to zero
*	The nature of this measure is such that a reliable estimate cannot be provided.
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Nicole Scott in the Department of the Treasury on (02) 6263 2111.

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

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2008-09 Portfolio Budget Statements (PBS) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriation acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PBS is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2, 2008-09. In this sense the PBS are budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PBS provides information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PBS.

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The PBS have been revised for the 2008-09 Budget, with significant changes made to reduce the work load on agencies and to provide Parliament with more targeted and comprehensive information on government expenditure.

Included below is a brief outline of each section of the revised document.

Portfolio overview

The portfolio overview is largely unchanged with portfolio departments required to briefly outline the responsibilities of the portfolio, list the relevant agencies and Ministers and the resources available.

Agency resources and planned performance

A statement (under the name of the agency) for each agency within the portfolio.

Section 1: Agency overview and resources

- This section includes three components:
 - 1.1 Strategic direction for 2008-09;
 - 1.2 Resource statement; and
 - 1.3 Budget measures table.
- The intention of section 1 is to provide readers with an overview of the functions and responsibilities of the agency, its contribution towards its outcomes for the budget year and the resources available.
- In the *Strategic Direction for 2008-09* agencies are to present a narrative approach rather than being restricted to a fixed number of headings. The key emphasis is on telling the agency 'story'; the key strategies it is implementing to achieve its outcomes, what is involved and how success and progress are to be measured.
- The agency resource statement and budget measures table summarise resource information into two tables. The new agency resource statement details the source and nature of all resources available to the agency. Budget measures information reflects the information covered in Budget Paper 2, with the output group against which the measures are to be pursued to improve cross-referencing.

Agency resources and planned performance (continued)	
Section 2: Outcomes and planned performance	• The outcomes section has undergone significant change to re-orientate agency reporting towards their results in contributing to outcomes and away from focusing on the activities and processes of agencies. • The outcome resource statement provides lower level resourcing information for general users at the results level, grouped by output group rather than appropriation type as has been the case previously. • Following the outcome resource statement agencies will use output groups for each outcome to group their intended contributions and the performance indicators used to assess the agency's effectiveness. By focusing on the results and impacts agencies are making towards outcomes, the revised PBS will be more focused on how agencies contribute to outcomes rather than detailing activities.
Section 3: Explanatory tables and budgeted financial statements	• This section has been re-worked to increase the readability of technical financial information. The section now includes: – an explanation of any differences at agency level between the information included in the Budget Papers and the PBS arising from the use of the Government Finance Statistics and Australian Accounting Standards accounting methodologies; and – explanatory tables to provide supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure. • It should also be noted that the capital budget statement and the property, plant, equipment and intangibles statements are no longer mandatory in the financial statements. This change has been made as information provided was generally of little value. Agencies with significant investment programs and/or balance sheets may continue using the statements to better explain their overall position.
Glossary	Explains key terms relevant to the portfolio.

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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

MINISTERS AND PORTFOLIO RESPONSIBILITIES

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 arrangements; effective taxation and retirement income 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 under four output groups – Macroeconomic, Fiscal, Revenue and Markets.

Macroeconomic group outputs include: domestic economic policy advice and forecasting; and international economic policy advice and assessment.

Fiscal group outputs include: budget policy advice and coordination; Commonwealth-State financial policy advice; industry, environment and defence policy advice; and social and income support policy advice.

Revenue group outputs include: taxation policy and legislation advice; and retirement income and saving policy and legislation advice.

Markets group outputs include: foreign investment and trade policy advice and administration; financial system and corporate governance policy advice; competition and consumer policy advice; and actuarial services.

The **Australian Bureau of Statistics** 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** outputs are directed at enhanced social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets. Outputs are: compliance with competition, fair trading and consumer protection laws and appropriate remedies when the law is not followed; and competitive market structures and informed behaviour.

Portfolio Overview

The **Australian Office of Financial Management (AOFM)** is responsible for the management of Australian Government debt and financial assets. Through its output – debt management – the AOFM aims to manage its net debt portfolio at least cost over the medium term, subject to an acceptable level of risk and to contribute to the operation of financial markets by supporting efficient Treasury Bond and Treasury Bond Futures markets.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries. Outputs aim at enhanced public confidence in 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 corporate and financial services law and has responsibilities for consumer protection in relation to 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; compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity; and enforcement activity to give effect to the laws administered by ASIC.

The **Australian Taxation Office** 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 tax, superannuation, excise and other related systems. Outputs include: shape, design and build administrative systems; management of revenue collection and transfers; compliance assurance and support revenue collection; compliance assurance and support for transfers and regulation of superannuation funds; and services to governments and agencies.

The **Commonwealth Grants Commission** output is directed at fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory which is achieved through the distribution by Government, of GST revenue and health care grants. Its output is to report on State revenue sharing relativities.

The **Corporations and Markets Advisory Committee** 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 Act 2001*; and the annual report, discussion papers and reports of the Committee.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers. This is to be achieved by identifying systemic issues in the administration of the tax laws and providing independent advice to the Government on the administration of the tax laws.

The **National Competition Council** is an independent advisory body for all Australian governments that advises and makes recommendations under the National Access Regime and recommendations and decisions in relation to natural gas pipelines. Its outcome is aimed at the achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community. The output is advice provided to governments on infrastructure access issues.

The **Productivity Commission** 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; competitive neutrality complaints activities; and supporting research and activities and statutory annual reporting.

The **Royal Australian Mint** manufactures and sells circulating coins to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries. Its outputs are manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice; manufacture and sale of circulating coins for foreign countries; production and sale of collector coins and other minted and like products for Australian and other clients; and provide gallery and visitor services.

Figure 1: Portfolio structure and outcomes

Portfolio Minister - Treasurer The Hon Wayne Swan MP Assistant Treasurer and Minister for Competition Policy and Consumer Affairs The Hon Chris Bowen MP Minister for Superannuation and Corporate Law Senator the Hon Nick Sherry
Department of the Treasury Secretary: Dr Ken Henry AC Outcome 1: Sound macroeconomic environment Outcome 2: Effective government spending arrangements Outcome 3: Effective taxation and retirement income arrangements Outcome 4: Well functioning markets
Australian Bureau of Statistics Statistician: Mr Brian Pink 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
Australian Competition and Consumer Commission Chairperson: Mr Graeme Samuel To enhance social and economic welfare of the Australian community by fostering competitive, efficient, fair and informed Australian markets
Australian Office of Financial Management Chief Executive Officer: Mr Neil Hyden 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
Australian Prudential Regulation Authority Chairman: Dr John Laker To enhance public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality
Australian Securities and Investments Commission Chairman: Mr Tony D'Aloisio A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers
Australian Taxation Office Commissioner: Mr Michael D'Ascenzo Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax, superannuation, excise and other related systems
Commonwealth Grants Commission Secretary: Mr John Spasojevic Fiscal equalisation between the States, the Australian Capital Territory and the Northern Territory is achieved through the distribution, by Government, of GST revenue and Health Care Grants
Corporations and Markets Advisory Committee Convenor: Mr Richard St John A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers
Inspector-General of Taxation Inspector-General: Mr David Vos AM Improved administration of the tax laws for the benefit of all taxpayers
National Competition Council Acting President: Mr David Crawford The achievement of effective and fair competition reforms and better use of Australia's infrastructure for the benefit of the community
Productivity Commission Chairman: Mr Gary Banks AO 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
Royal Australian Mint Chief Executive Officer: Ms Janine Murphy Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries

PORTFOLIO RESOURCES MADE AVAILABLE IN THE BUDGET YEAR

Table 1: Portfolio resources made available in the Budget year

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of the Treasury					
Administered appropriations	5,000	161,677	45,301,816	-	45,468,493
Departmental appropriations	146,446	9,541	-	10,818	166,805
Total:	151,446	171,218	45,301,816	10,818	45,635,298
Australian Bureau of Statistics					
Administered appropriations	-	-	-	-	-
Departmental appropriations	282,775	5,365	-	17,960	306,100
Total:	282,775	5,365	-	17,960	306,100
Australian Competition and Consumer Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	139,227	4,247	-	500	143,974
Total:	139,227	4,247	-	500	143,974
Australian Office of Financial Management					
Administered appropriations	10	-	302,283,539	-	302,283,549
Departmental appropriations	8,467	-	-	867	9,334
Total:	8,477	-	302,283,539	867	302,292,883
Australian Prudential and Regulation Authority					
Administered appropriations	-	-	500	-	500
Departmental appropriations	5,036	1,865	-	93,685	100,586
Total:	5,036	1,865	500	93,685	101,086
Australian Securities and Investments Commission					
Administered appropriations	3,424	-	24,540	38,000	65,964
Departmental appropriations	298,963	17,117	-	8,287	324,367
Total:	302,387	17,117	24,540	46,287	390,331
Australian Taxation Office					
Administered appropriations	-	-	8,646,700	53,000	8,699,700
Departmental appropriations	2,861,097	82,615	-	62,038	3,005,750
Total:	2,861,097	82,615	8,646,700	115,038	11,705,450
Commonwealth Grants Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	7,809	-	-	8	7,817
Total:	7,809	-	-	8	7,817

Table 1: Portfolio resources made available in the Budget year (continued)

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Corporations and Markets					
Advisory Committee					
Administered appropriations	-	-	-	-	-
Departmental appropriations	1,031	-	-	-	1,031
Total:	1,031	-	-	-	1,031
Inspector-General of Taxation					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,167	-	-	52	2,219
Total:	2,167	-	-	52	2,219
National Competition Council					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,781	-	-	-	2,781
Total:	2,781	-	-	-	2,781
Productivity Commission					
Administered appropriations	-	-	-	-	-
Departmental appropriations	30,753	-	-	265	31,018
Total:	30,753	-	-	265	31,018
Royal Australian Mint					
Administered appropriations	-	-	-	-	-
Departmental appropriations	-	9,979	-	160,438	170,417
Total:	-	9,979	-	160,438	170,417
Resources available within the Treasury portfolio:					360,790,405

AGENCY RESOURCES AND PLANNED PERFORMANCE

