AUSTRALIAN TAXATION OFFICE

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Australian Taxation Office (ATO) from that outlined in the *Portfolio Budget Statements 2009-10* (pages 193-194).

The ATO is seeking an additional $13.4 million in administered expenses in Appropriation Bill (No. 3) 2009-10 to move unspent 2008-09 funding of $11.3 million into 2009-10 for the public awareness campaign associated with the Nation Building and Jobs Plan — Small Business and General Business Tax Break measure, and bring forward funding of $2.1 million from 2011-12 into 2009-10 for the public awareness campaign associated with the Private Health Insurance — fair and sustainable support for the future measure.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Taxation Office resource statement — additional estimates for 2009-10 as at Additional Estimates November 2009

		Estimates as at Budget	+	Proposed additional estimates	=	Total estimate at Additional Estimates	Total available appropriation
		2009-10		2009-10		2009-10	2008-09
		$'000		$'000		$'000	$'000
Ordinary annual services							
Departmental outputs							
Prior year departmental carried forward		156,886		-		156,886	-
Departmental appropriation		3,027,903		-		3,027,903	2,896,248
Receipts from other sources (s31)		16,372		9,284		25,656	37,639
Total		**3,201,161**		**9,284**		**3,210,445**	**2,933,887**
Administered expenses							
Outcome 1		5,360		13,363	[1]	18,723	24,150
Total		**5,360**		**13,363**		**18,723**	**24,150**
Total ordinary annual services	**A**	**3,206,521**		**22,647**		**3,229,168**	**2,958,037**
Other services							
Departmental non-operating							
Equity injections		8,212		-		8,212	-
Previous years' outputs		16,332		-		16,332	2,886
Total other services	**B**	**24,544**		**-**		**24,544**	**2,886**
Total available annual appropriations (A+B)		**3,231,065**		**22,647**		**3,253,712**	**2,960,923**

Table 1.1: Australian Taxation Office resource statement — Additional estimates for 2009-10 as at Additional Estimates November 2009 (continued)

		Estimates as at Budget 2009-10 $'000	+	Proposed additional estimates 2009-10 $'000	=	Total estimate at Additional Estimates 2009-10 $'000	Total available appropriation 2008-09 $'000
Special appropriations							
Product Grants and Benefits Administration Act 2000 - cleaner fuel grants		40,000		-		40,000	101,472
Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme		25,000		-		25,000	40,724
Superannuation Guarantee (Administration) Act 1992		224,000		5,000		229,000	296,767
Taxation Administration Act 1953 - section 16 (Non-refund items)[2]		8,121,000		83,000		8,204,000	15,807,963
Total special appropriations	**C**	**8,410,000**		**88,000**		**8,498,000**	**16,246,926**
Total appropriations excluding special accounts		**11,641,065**		**110,647**		**11,751,712**	**19,207,849**
Special accounts							
Opening balance		138,466		3,473		141,939	97,186
Appropriation receipts		26,000		6,000		32,000	74,373
Non-appropriation receipts to special accounts		40,040		1,638		41,678	42,251
Total special account	**D**	**204,506**		**11,111**		**215,617**	**213,810**
Total resourcing (A+B+C+D)		**11,845,571**		**121,758**		**11,967,329**	**19,421,659**
Less appropriations drawn from annual or special appropriations above and credited to special accounts		26,000		6,000		32,000	74,373
Total net resourcing for the ATO		**11,819,571**		**115,758**		**11,935,329**	**19,347,286**

1. Appropriation Bill (No. 3) 2009-10.
2. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, education tax refunds and research and development subsidies. Tax refund items for 2008-09 are $83,388 million (including $72 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and are estimated at $86,870 million for 2009-10 (including $90 million paid via the ACS on the ATO's behalf).

1.3 AGENCY MEASURES TABLE

Table 1.2: Agency measures since Budget

	Program	2009-10 $'000	2010-11 $'000	2011-12 $'000	2012-13 $'000
Expense measures					
Australian Taxation Office - Reduction in campaign advertising funding	1.3	(27)	(47)	(46)	-
Social Security Agreement - Australia and the former Yugoslav Republic of Macedonia	1.4	-	150	151	147
Whole-of-government departmental efficiencies	1.1 - 1.5	(15,376)	(31,397)	(31,442)	(31,387)
Total expense measures		**(15,403)**	**(31,294)**	**(31,337)**	**(31,240)**
Related expense					
GST - Government response to Board of Taxation report - minor changes	1.14	-	..	..	..
Total related expense		**-**	**..**	**..**	**..**

Note: Further details of these measures can be found in *Mid-Year Economic Fiscal Outlook 2009-10*.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for the ATO at additional estimates, by outcome.

Table 1.3: Additional estimates and variations to outcomes from measures since 2009-10 Budget

	Program impacted	2009-10 $'000	2010-11 $'000	2011-12 $'000	2012-13 $'000
Outcome 1					
Increase in estimates (administered)					
Australian Taxation Office - Reduction in campaign advertising funding	1.1	(27)	(47)	(46)	-
Net impact on estimates for Outcome 1 (administered)		**(27)**	**(47)**	**(46)**	**-**

Table 1.4: Additional estimates and variation to outcomes from other variations

	Program impacted	2009-10 $'000	2010-11 $'000	2011-12 $'000	2012-13 $'000
Outcome 1					
Increase in estimates (administered)					
Nation Building and Jobs Plan - Small Business and General Tax break	1.3	11,285	-	-	-
Private Health Insurance - fair and sustainable support for the future	1.3	2,105	-	-	-
Decrease in estimates (administered)					
Private Health Insurance - fair and sustainable support for the future	1.3	-	-	(2,105)	-
Net impact on estimates for Outcome 1 (administered)		**13,390**	**-**	**(2,105)**	

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2009-10

	2008-09 available $'000	2009-10 Budget $'000	2009-10 revised $'000	Additional estimates $'000	Reduced estimates $'000
ADMINISTERED OUTPUTS					
Outcome 1					
Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	24,150	5,360	18,723	13,390	(27)
Total	**24,150**	**5,360**	**18,723**	**13,390**	**(27)**

Section 2: Revisions to agency outcomes and planned performance

2.1 Resources and performance information

Outcome 1 Budgeted expenses and resources

There has been no change to outcomes, the outcome strategy or performance information for the ATO from that included in the *Portfolio Budget Statements 2009-10* (pages 201-229).

There have been no changes to program objectives, expenses, deliverables or key performance indicators from that published in the *Portfolio Budget Statements 2009-10* for programs 1.1 to 1.2 and 1.4 to 1.21 that affect additional estimates.

Table 2.1 reflects changes to program expenses from that published in the *Portfolio Budget Statements 2009-10*.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	2008-09 Actual expenses $'000	2009-10 Revised estimated expenses $'000
Program 1.3: Compliance assurance and support for revenue collections		
Administered expenses		
Ordinary annual services (Appropriation Bills No. 1 and No. 3)	10,748	18,723
Total administered expenses for Program 1.3	10,748	18,723
	2008-09	2009-10
Average staffing level (number)	21,930	21,745

Program 1.3: Compliance assurance and support for revenue collections

There have been no changes to program objectives, deliverables or key performance indicators from that published in the *Portfolio Budget Statements 2009-10*.

Table 2.2: Program 1.3 expenses

	2008-09 Actual $'000	2009-10 Revised budget $'000	2010-11 Forward year 1 $'000	2011-12 Forward year 2 $'000	2012-13 Forward year 3 $'000
Annual administered expenses:					
Administered item	10,748	18,723	4,604	2,469	21
Total administered expenses	**10,748**	**18,723**	**4,604**	**2,469**	**21**

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

Table 3.1.1: Estimates of special account flows

	Outcome	Opening balance **2009-10** *2008-09* $'000	Receipts **2009-10** *2008-09* $'000	Payments **2009-10** *2008-09* $'000	Adjustments **2009-10** *2008-09* $'000	Closing balance **2009-10** *2008-09* $'000
Excise Security Deposits Special Account (A)	1	**49**	**-**	**-**	**-**	**49**
		51	*-*	*2*	*-*	*49*
Other Trust Moneys Account (A)	1	**1,035**	**10,000**	**15,000**	**5,000**	**1,035**
		20,043	*9,668*	*28,676*	*-*	*1,035*
Superannuation Holding Accounts Special Account (A)	1	**131,485**	**32,000**	**56,000**	**-**	**107,485**
		63,565	*74,373*	*6,453*	*-*	*131,485*
Valuation Services Special Account (D)	1	**9,370**	**31,678**	**34,154**	**-**	**6,894**
		13,527	*32,583*	*36,740*	*-*	*9,370*
Total special accounts 2009-10 Budget estimate		**141,939**	**73,678**	**105,154**	**5,000**	**115,463**
Total special accounts 2008-09 actual		*97,186*	*116,624*	*71,871*	*-*	*141,939*

(A) = Administered.
(D) = Departmental.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budgeted departmental income statements

Operating revenues

In 2009-10, total agency revenue is estimated to be $3,067.0 million. This consists of government appropriation revenue of $3,006.6 million, revenue from other sources of $56.4 million and resources received free of charge of $4.0 million. Total agency revenue is estimated to decrease by $8.3 million in 2009-10 from that in the *Portfolio Budget Statements 2009-10*, representing a decrease in government appropriation of $21.2 million due to measures, offset by an increase in revenue from other sources of $12.9 million.

Operating expenses

In 2009-10, total expenses are estimated to be $3,067.0 million. This consists of $1,953.8 million in employees, $1,003.3 million in suppliers and other expenses, and $109.9 million in depreciation and amortisation.

Budgeted departmental balance sheet

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

Assets

The ATO's assets are predominantly non-financial assets. In 2009-10 the ATO will continue to maintain its commitment to long term improvement, investing $146.0 million in capital expenditure. Total assets have decreased by $46.2 million from the *Portfolio Budget Statements 2009-10*.

A significant proportion of the ATO's capital investment is directed toward the development or improvement of internally developed systems and software in support of the ATO's intention of making people's experience with the revenue systems easier, cheaper and more personalised, and improving the integrity and flexibility of the superannuation business systems.

Liabilities

The ATO's liabilities are predominantly employee entitlements. Total liabilities have decreased by $56.7 million from the *Portfolio Budget Statements 2009-10*. This represents decreases in the following categories — employee entitlements ($4.5 million), other provisions ($19.8 million), finance lease liabilities ($2.2 million) and total payables ($30.2 million).

3.2.2 Budgeted financial statements

Table 3.2.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
EXPENSES					
Employee benefits	1,899,865	1,953,844	1,980,091	2,004,002	2,034,656
Supplier	989,079	1,003,160	1,015,385	961,397	930,169
Depreciation and amortisation	99,892	109,944	115,443	122,302	127,355
Write-down and impairment of assets	35,714	-	-	-	-
Finance costs	315				
Other	786	119	298	297	293
Total expenses	3,025,651	3,067,067	3,111,217	3,087,998	3,092,473
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	62,766	56,134	53,945	51,816	52,604
Other revenue	1,332	300	307	315	322
Total revenue	64,098	56,434	54,252	52,131	52,926
Gains					
Sale of assets	35	-	-	-	-
Other gains	23,778	4,000	4,250	4,250	4,250
Total gains	23,813	4,000	4,250	4,250	4,250
Total own-source income	87,911	60,434	58,502	56,381	57,176
Net cost of (contribution by) services	2,937,740	3,006,633	3,052,715	3,031,617	3,035,297
Appropriation revenue	2,910,451	3,006,633	3,052,715	3,031,617	3,035,297
Surplus (Deficit) attributable to the Australian Government	(27,289)	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
ASSETS					
Financial assets					
Cash and equivalents	27,139	28,216	27,174	26,808	26,457
Trade and other receivables	258,320	201,936	197,114	182,300	172,495
Total financial assets	285,459	230,152	224,288	209,108	198,952
Non-financial assets					
Land and buildings	145,564	143,114	140,750	137,557	134,364
Infrastructure, plant and equipment	58,433	51,482	44,524	37,566	30,558
Intangibles	376,161	421,640	441,801	469,257	489,413
Other	30,703	30,703	30,703	30,703	30,703
Total non-financial assets	610,861	646,939	657,778	675,083	685,038
Total assets	896,320	877,091	882,066	884,191	883,990
LIABILITIES					
Interest bearing liabilities					
Leases	30,475	28,564	28,564	28,564	28,564
Total interest bearing liabilities	30,475	28,564	28,564	28,564	28,564
Provisions					
Employees	662,958	653,456	653,243	653,225	653,225
Other	15,248	15,248	15,248	15,248	15,248
Total provisions	678,206	668,704	668,491	668,473	668,473
Payables					
Suppliers	199,565	195,815	195,991	196,185	196,335
Dividends	917	139	347	347	342
Other	2,061	2,180	2,359	2,358	2,354
Total payables	202,543	198,134	198,697	198,890	199,031
Total liabilities	911,224	895,402	895,752	895,927	896,068
Net assets	(14,904)	(18,311)	(13,686)	(11,736)	(12,078)
EQUITY					
Parent entity interest					
Contributed equity	315,462	314,996	319,968	322,265	322,265
Reserves	66,266	66,266	66,266	66,266	66,266
Retained surpluses or accumulated deficits	(396,632)	(399,573)	(399,920)	(400,267)	(400,609)
Total equity	(14,904)	(18,311)	(13,686)	(11,736)	(12,078)
Current assets	291,284	293,825	295,492	296,204	296,137
Non-current assets	605,036	583,266	586,574	587,987	587,853
Current liabilities	716,721	720,799	721,080	721,221	721,335
Non-current liabilities	194,503	174,603	174,672	174,706	174,733

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	70,222	57,334	53,945	51,816	52,604
Appropriations	2,918,500	3,050,265	3,073,537	3,046,431	3,045,102
Interest	1,101	240	247	255	262
Other	106,264	106,058	107,591	101,931	98,649
Total cash received	3,096,087	3,213,897	3,235,320	3,200,433	3,196,617
Cash used					
Employees	1,852,216	1,963,346	1,980,304	2,004,020	2,034,656
Suppliers	987,781	1,004,821	1,010,959	956,953	925,769
Other	103,370	105,926	107,531	101,871	98,589
Income taxes paid	2,652	-	119	298	297
Total cash used	2,946,019	3,074,093	3,098,913	3,063,142	3,059,311
Net cash from or (used by) operating activities	150,068	139,804	136,407	137,291	137,306
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	125	-	-	-	-
Total cash received	125	-	-	-	-
Cash used					
Purchase of property, plant and equipment	144,951	146,022	142,282	139,607	137,310
Total cash used	144,951	146,022	142,282	139,607	137,310
Net cash from or (used by) investing activities	(144,826)	(146,022)	(142,282)	(139,607)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	8,212	4,972	2,297	-
Total cash received	-	8,212	4,972	2,297	-
Cash used					
Dividends paid	2,248	917	139	347	347
Total cash used	2,248	917	139	347	347
Net cash from or (used by) financing activities	(2,248)	7,295	4,833	1,950	(347)
Net increase or (decrease) in cash held	2,994	1,077	(1,042)	(366)	(351)
Cash at the beginning of the reporting period	24,145	27,139	28,216	27,174	26,808
Cash at the end of the reporting period	27,139	28,216	27,174	26,808	26,457

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2009-10)

	Retained earnings $'000	Asset revaluation reserve $'000	Other reserves $'000	Contributed equity/ capital $'000	Total equity $'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	(396,632)	66,266	-	315,462	(14,904)
Adjusted opening balance	(396,632)	66,266	-	315,462	(14,904)
Transactions with owners					
Distribution to owners					
Returns on capital dividends	(139)	-	-	-	(139)
Returns of capital restructuring	(2,802)	-	-	(8,678)	(11,480)
Contribution by owners					
Appropriation (equity injection)	-	-	-	8,212	8,212
Sub-total transactions with owners	(2,941)	-	-	(466)	(3,407)
Estimated closing balance as at 30 June 2010	(399,573)	66,266	-	314,996	(18,311)

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
CAPITAL APPROPRIATIONS					
Total equity injections	72,580	24,544	4,972	2,297	-
Total capital appropriations	72,580	24,544	4,972	2,297	-
Represented by:					
Purchase of non-financial assets	69,694	8,212	4,972	2,297	-
Other	2,886	16,332	-	-	-
Total represented by	72,580	24,544	4,972	2,297	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	69,982	8,212	4,972	2,297	-
Funded internally from departmental resources	137,310	137,810	137,310	137,310	137,310
TOTAL	207,292	146,022	142,282	139,607	137,310

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — Departmental (2009-10)

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	$'000	$'000	$'000	$'000
As at 1 July 2009				
Gross book value	158,125	106,701	717,015	981,841
less Accumulated depreciation/ amortisation	12,561	48,268	340,854	401,683
Opening net book balance	145,564	58,433	376,161	580,158
Asset movements				
Additions	25,140	12,650	108,232	146,022
less Depreciation/amortisation expense	27,590	19,601	62,753	109,944
Total asset movements	(2,450)	(6,951)	45,479	36,078
As at 30 June 2010				
Gross book value	183,265	119,351	825,247	1,127,863
less Accumulated depreciation/amortisation	40,151	67,869	403,607	511,627
Closing net book balance	**143,114**	**51,482**	**421,640**	**616,236**

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Actual	Revised budget	Forward estimate	Forward estimate	Forward estimate
	2008-09	2009-10	2010-11	2011-12	2012-13
	$'000	$'000	$'000	$'000	$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	201,389,194	189,310,000	202,890,000	226,890,000	246,520,000
Indirect tax	68,034,457	69,790,000	73,220,000	76,330,000	78,340,000
Other taxes, fees and fines	613,988	448,000	466,000	484,000	502,000
Total taxation	270,037,639	259,548,000	276,576,000	303,704,000	325,362,000
Non-taxation					
Other sources of non-taxation revenues	-	26,000	26,000	26,000	26,000
Total non-taxation	-	26,000	26,000	26,000	26,000
Total revenues administered on behalf of Government	270,037,639	259,574,000	276,602,000	303,730,000	325,388,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,831,402	5,920,000	6,408,000	6,617,000	6,065,000
Personal benefits	9,682,370	2,019,000	1,927,000	1,972,000	2,217,000
Suppliers	-	18,723	4,604	2,469	21
Write down and impairment of assets	5,859,551	5,790,000	5,335,000	5,615,000	5,935,000
Finance costs	431,217	330,000	330,000	330,000	330,000
Other	193,999	229,000	238,000	247,000	257,000
Total expenses administered on behalf of Government	21,998,539	14,306,723	14,242,604	14,783,469	14,804,021

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.3 on recognition of taxation revenue and items recognised as reductions to taxation revenue.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	210,752	210,752	210,752	210,752	210,752
Receivables	16,532,237	18,072,237	20,339,237	22,275,237	24,002,237
Accrued revenues	8,749,034	8,889,034	9,389,034	9,984,034	10,509,034
Total financial assets	25,492,023	27,172,023	29,939,023	32,470,023	34,722,023
Total assets administered on behalf of Government	25,492,023	27,172,023	29,939,023	32,470,023	34,722,023
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,308,982	1,378,982	1,443,982	1,488,982	1,538,982
Other provisions	422,509	433,509	425,509	426,509	428,509
Total provisions	1,731,491	1,812,491	1,869,491	1,915,491	1,967,491
Payables					
Subsidies	1,340,949	1,459,949	1,813,949	2,124,949	2,227,949
Personal benefits payable	3,186,779	2,273,029	2,285,029	2,322,029	2,565,029
Other payables	619,788	619,788	619,788	619,788	619,788
Total payables	5,147,516	4,352,766	4,718,766	5,066,766	5,412,766
Total liabilities administered on behalf of Government	6,879,007	6,165,257	6,588,257	6,982,257	7,380,257

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.3 on recognition of taxation revenue and items recognised as reductions to taxation revenue.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual 2008-09 $'000	Revised budget 2009-10 $'000	Forward estimate 2010-11 $'000	Forward estimate 2011-12 $'000	Forward estimate 2012-13 $'000
OPERATING ACTIVITIES					
Cash received					
Taxes	264,654,113	252,148,000	268,539,000	295,603,000	317,225,000
Other	-	26,000	26,000	26,000	26,000
Total cash received	264,654,113	252,174,000	268,565,000	295,629,000	317,251,000
Cash used					
Borrowing costs	415,235	330,000	330,000	330,000	330,000
Subsidies paid	5,693,449	5,801,000	6,054,000	6,306,000	5,962,000
Personal benefits	11,074,023	2,932,750	1,915,000	1,935,000	1,974,000
Payments to suppliers	-	18,723	4,604	2,469	21
Other	299,933	218,000	246,000	246,000	255,000
Total cash used	17,482,640	9,300,473	8,549,604	8,819,469	8,521,021
Net cash from or (used by) operating activities	247,171,473	242,873,527	260,015,396	286,809,531	308,729,979
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	15,008,551	9,300,473	8,549,604	8,819,469	8,521,021
Total cash received	15,008,551	9,300,473	8,549,604	8,819,469	8,521,021
Cash used					
Cash to Official Public Account	262,237,290	252,174,000	268,565,000	295,629,000	317,251,000
Total cash used	262,237,290	252,174,000	268,565,000	295,629,000	317,251,000
Net cash from or (used by) financing activities	(247,228,739)	(242,873,527)	(260,015,396)	(286,809,531)	(308,729,979)
Net increase or (decrease) in cash held	(57,266)	-	-	-	-
Cash at beginning of reporting period	268,018	210,752	210,752	210,752	210,752
Cash at end of reporting period	210,752	210,752	210,752	210,752	210,752

Prepared on Australian Accounting Standards basis.

3.2.3 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

Notes to the departmental statements

The departmental financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation guidance for the preparation of financial statements.

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

Australian Valuation Office

The ATO's budget statements are consolidated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Departmental statements include the estimated costs of administering the goods and services tax (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 Australian Government for the agreed GST administration costs.

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

Notes to the administered statements

The administered financial statements included in Tables 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards.

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

- the taxpayer or the taxpayer group can be identified in a reliable manner;
- the amount of tax or other statutory charge is payable by the taxpayer or taxpayer group under legislative provisions; and
- the amount of the tax or statutory charge payable by the taxpayer or taxpayer group can be reliably measured, and it is probable that the amount will be collected.

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the ATO and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges — the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet reported, and are likely to be reported, to the ATO through an assessment or disclosure.

However in circumstances when there is an 'inability to reliably measure tax revenues when the underlying transactions or events occur', the standards permit an alternative approach — the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the ATO. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the ATO uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

Items recognised as reductions to taxation revenue

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

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.