



Budget

2017-18

Portfolio Budget Statements 2017-18
Budget Related Paper No. 1.16

TREASURY Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

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ISSN 0728 7194 (print); 1326 4133 (online)

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TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2017-18 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 'Scott Morrison'.

The Hon Scott Morrison MP

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

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 Mr Robert Twomey, Chief Financial Officer, Department of the Treasury on (02) 6263 2111.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the *2017-18 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

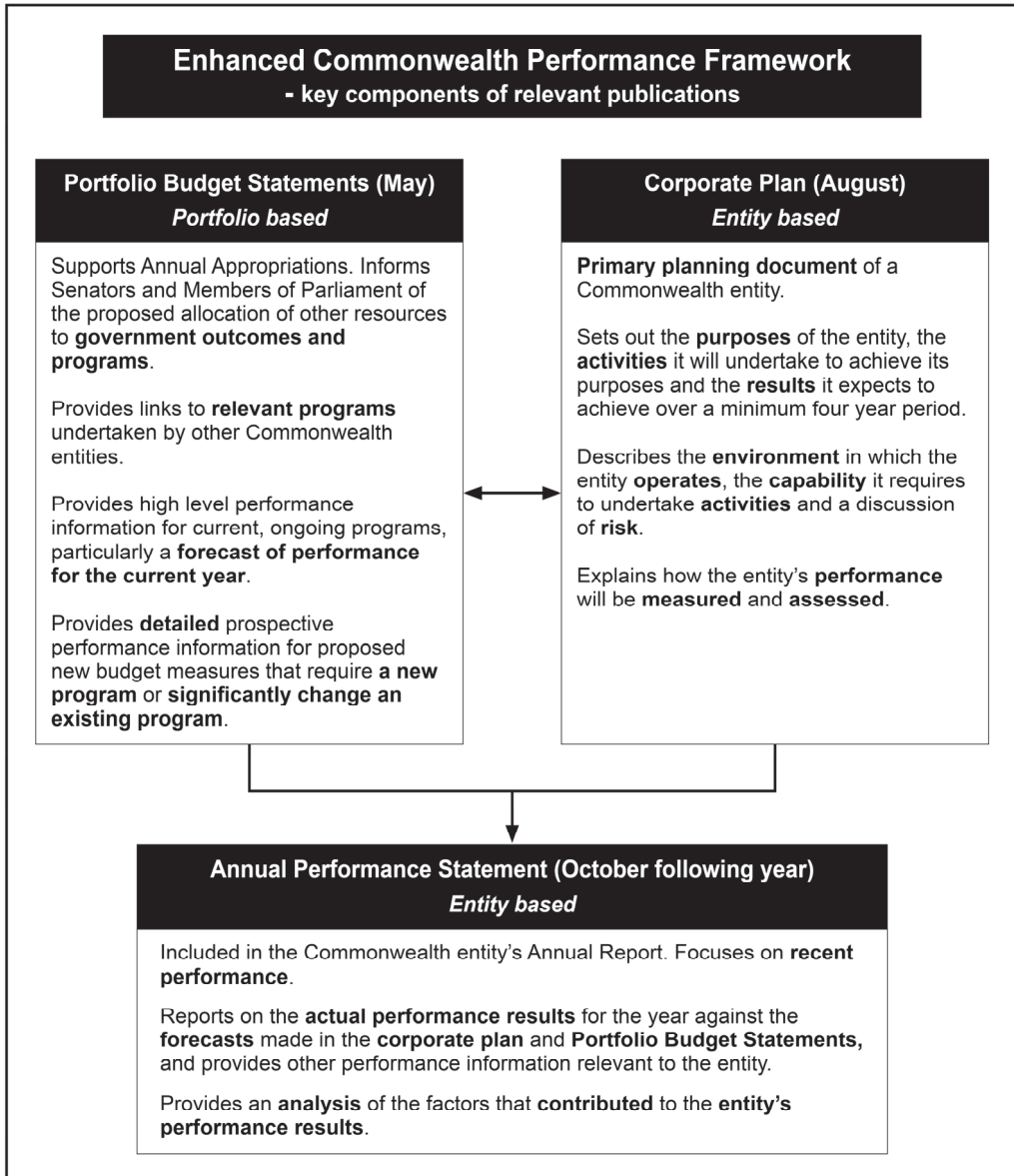
A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2017-18 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2017-18 for the parliamentary departments). In this sense, the PB Statements are Budget related 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 PB Statements provide 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*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

The Enhanced Commonwealth Performance Framework

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and planned performance.



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PORTFOLIO OVERVIEW

TREASURY PORTFOLIO OVERVIEW

Ministers and portfolio responsibilities

The Treasury portfolio undertakes a range of policy advancing and other activities aimed at achieving strong sustainable economic growth for the good of Australians. This entails the advice to portfolio Ministers as well as the effective implementation and administration of policies that fall within the portfolio Ministers' responsibilities.

The Treasury portfolio comprises fourteen entities in the general government sector.

The **Department of the Treasury** assists the Australian Government as the pre-eminent economic adviser. The Treasury serves the Australian people through the development, delivery and implementation of sound economic policy and advice. The result is better informed policies designed to create economic prosperity for the Australian people.

The **Australian Bureau of Statistics** is Australia's official statistical entity. It provides statistics on a wide range of economic, environmental, population and social matters, covering government, business and the community in general.

The **Australian Competition and Consumer Commission** is an independent statutory authority which administers the *Competition and Consumer Act 2010* and performs functions under other Commonwealth legislation and State and Territory Competition Policy Reform Acts.

The **Australian Office of Financial Management** is responsible for the management of Australian Government debt and financial assets.

The **Australian Prudential Regulation Authority** is the financial supervisor responsible for the prudential regulation of the banking, other deposit taking, insurance and superannuation industries.

The **Australian Securities and Investments Commission** is Australia's corporate, markets, financial services and credit regulator. It is responsible for consumer protection and market integrity. As part of its remit, ASIC also regulates investment management and superannuation, insurance, deposit taking, financial reporting, auditors and insolvency practitioners. ASIC promotes investor and consumer trust and confidence and fair and efficient markets and provides efficient registration services.

The **Australian Taxation Office** is the Australian Government's principal revenue collection agency and administers Australia's tax system and significant aspects of Australia's superannuation system. It administers legislation governing tax,

superannuation and the Australian Business Register and supports the delivery of government benefits to the community.

The **Commonwealth Grants Commission** provides advice to government on the equitable distribution of GST revenue to State and Territory governments.

The **Inspector-General of Taxation** seeks to improve the administration of the tax laws for the benefit of all taxpayers.

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.

The **Office of the Auditing and Assurance Standards Board's** objective is to develop, issue and maintain in the public interest, principle-based, independent auditing and assurance standards for all sectors of the Australian economy that meet user needs, contribute to the development of international auditing and assurance standards and assist in maintaining confidence in the Australian economy, including its capital markets.

The **Office of the Australian Accounting Standards Board's** role is to develop, issue and maintain principle-based independent financial reporting standards for all sectors of the Australian economy that meet user needs, contribute to the development of international accounting standards and assist in maintaining confidence in the Australian economy, including its capital markets.

The **Productivity Commission** is the Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

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.

The **Australian Reinsurance Pool Corporation** and the **Reserve Bank of Australia** do not appear in the Portfolio Budget Statements as they are not part of the general government sector.

For information on resourcing across the portfolio, please refer to Part 1: Agency Financial Resourcing in *Budget Paper No. 4: Agency Resourcing*.

Figure 1: Treasury portfolio structure and outcomes





ENTITY RESOURCES AND PLANNED PERFORMANCE

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Department of the Treasury supports informed decisions on the development and implementation of policies for the good of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to Government and the efficient administration of federal financial relations.

As the pre-eminent economic adviser to the Government, the Treasury provides advice to Ministers based on the monitoring and analysis of economic conditions and prospects in Australia and internationally. This includes assessments of key risks to the outlook as discussed in *Budget Paper No.1, Budget Strategy and Outlook 2017-18*.

The Treasury Corporate Plan identifies three purposes: promoting fiscal sustainability; increasing productivity; and securing the benefits of global economic integration.

The Treasury supports the Government's fiscal strategy by providing advice on tax and expenditure policies, supported by economic, tax and fiscal modelling. Advice is provided to the Treasurer and Portfolio Ministers on the Australian Government's budget position over the forward estimates and medium term. This assists in framing overall policy settings and providing context for the Government's decision-making. The Treasury also has responsibility for the Australian taxation and superannuation systems and provides advice to Government that seeks to ensure a robust, efficient and sustainable tax system.

The Treasury advises on policies designed to improve productivity, including in relation to: workforce participation; taxation; the economy; the financial system; foreign investment; competition and broader structural policy; social policy; small business; innovation; and international economic policy.

In seeking to secure the benefits of global economic integration, the Treasury balances opportunities and risks in relation to trade and investment flows. The Treasury's ongoing international engagement is central to Australia's regional relationships, monitoring of international developments and to promoting regional and global macroeconomic stability.

The Treasury will continue its ongoing agenda of organisational reform. Our Sydney and Melbourne offices are fostering wider engagement with stakeholders in the private sector, as well as academia and the not-for-profit sector. And our newly formed Structural Reform Group will bolster Treasury's policy engagement in areas critical to growing Australia's productivity.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	48,867	46,878
Departmental appropriation (c)	169,352	193,780
s 74 retained revenue receipts (d)	13,790	12,704
Departmental capital budget (e)	5,298	8,246
Annual appropriations - other services - non-operating (f)		
Equity injection	300	4,750
<i>Total departmental annual appropriations</i>	<i>237,607</i>	<i>266,358</i>
Special accounts (g)		
Opening balance	2,835	-
Non-appropriation receipts	220	-
Adjustments (h)	(2,835)	-
<i>Total special accounts</i>	<i>220</i>	<i>-</i>
Total departmental resourcing	237,827	266,358

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2017-18 as at Budget May 2017 (continued)

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
Administered		
Annual appropriations - ordinary annual services (a)		
Outcome 1	44,739	22,889
Annual appropriations - other services - non-operating (f)		
Administered assets and liabilities	60,000	60,000
<i>Total administered annual appropriations</i>	<i>104,739</i>	<i>82,889</i>
Special appropriations		
Asian Development Bank (Additional Subscription) Act 2009	22,218	24,359
Asian Infrastructure Investment Bank Act 2015	197,142	193,120
Federal Financial Relations Act 2009	81,224,972	85,649,822
International Monetary Agreements Act 1947	104,034	395,917
PGPA Act 2013 - s77 repayments	1,000	1,000
<i>Total administered special appropriations (g)</i>	<i>81,549,366</i>	<i>86,264,218</i>
Special accounts (g)		
Non-appropriation receipts to Special Accounts (i)	13,669,293	12,938,091
<i>Total special account receipts</i>	<i>13,669,293</i>	<i>12,938,091</i>
Total administered resourcing	95,323,398	99,285,198
Total resourcing for Department of the Treasury	95,561,225	99,368,087
	2016-17	2017-18
Average staffing level (number)	815	859

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No. 1) 2017-18.
- (b) Excludes \$0.9 million subject to administrative quarantine by the Department of Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.
- (c) Excludes departmental capital budget (DCB). 2017-18 includes supplementation of \$4.2 million for revenue recognised in 2016-17 but not appropriated in that year.
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) Appropriation Bill (No. 2) 2017-18.
- (g) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 — Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (h) The Actuarial Services Special Account was sunset on 1 October 2016. The balance of the Special Account was reappropriated and is reflected in prior year appropriations available.
- (i) Amounts credited to the special account(s) from another entity's annual and special appropriations.

Third party payments from and on behalf of other entities

	<i>2016-17 Estimated actual \$'000</i>	<i>2017-18 Estimate \$'000</i>
Payments made on behalf of another entity (a)		
Finance	340,238	537,983
Infrastructure and Regional Development	71,000	71,000
Social Services	184,796	183,204

(a) These payments relate to National Partnership payments to the States and Territories.

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Revenue measures						
National Disability Insurance Scheme – finalisation of transition arrangements						
Administered revenue	1.7	-	-	-	-	-
Reducing Pressure on Housing Affordability – National Housing Infrastructure Facility						
Administered revenue	1.1	-	-	nfp	nfp	nfp
Tax Integrity Package – combatting fraud in the precious metals industry						
Administered revenue	1.4	-	300	(3,100)	(3,800)	(4,200)
– improving the integrity of GST on property transactions						
Administered revenue	1.4	-	2,800	(2,600)	(4,600)	(4,800)
Total		-	3,100	(5,700)	(8,400)	(9,000)
Total revenue measures						
Administered		-	3,100	(5,700)	(8,400)	(9,000)
Departmental		-	-	-	-	-
Total		-	3,100	(5,700)	(8,400)	(9,000)

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures						
A More Accountable and Competitive Banking System						
– implementation						
Departmental expenses	1.1	-	1,131	-	-	-
– improving competition						
Departmental expenses	1.1	-	1,173	-	-	-
Aligning the tax treatment of roll your own tobacco and cigarettes						
Administered expenses	1.4	-	5,000	10,000	10,000	10,000
Better targeting skilled visas						
Administered expenses	1.4	-	5,140	(25,880)	(47,333)	(34,444)
BreastScreen Australia Program – additional support						
Administered expenses	1.9	-	-	-	-	-
Cancer Screening – Victorian Cytology Service – continuation						
Administered expenses	1.9	-	-	-	-	-
Disaster Relief						
Administered expenses	1.9	-	1,000	-	-	-
Disaster Resilience Program – extension						
Administered expenses	1.9	-	-	-	-	-
Energy for the Future – bilateral Asset Recycling agreement with South Australia						
Administered expenses	1.9	-	-	-	-	-
Enhancing Treasury Capability to Support Government						
Departmental expenses	1.1	-	9,347	13,949	-	-
GST – removing the double taxation of digital currency						
Administered expenses	1.4	-	*	*	*	*
Guaranteeing Medicare – establishing the Medicare Guarantee Fund (a)						
Administered expenses	1.1	-	-	-	-	-

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Improved Access to Health Care for Australian Participants of British Nuclear Tests and Veterans of the British Commonwealth Occupation Force						
Administered expenses	1.5	-	(2,377)	(2,119)	(1,854)	(1,584)
Indirect Tax Concession Scheme – diplomatic and consular concessions						
Administered expenses	1.4
Infrastructure and Project Financing Agency – establishment						
Administered expenses	1.9	-	(4,200)	(4,200)	(4,200)	-
Infrastructure Investment Programme						
– National Rail Program						
Administered expenses	1.9	-	-	-	200,000	400,000
– new investments						
Administered expenses	1.9	-	13,800	-	-	-
– offsets						
Administered expenses	1.9	-	-	-	-	(1,631,562)
– Victorian infrastructure investments						
Administered expenses	1.9	-	-	-	-	-
Legal Assistance Services – additional funding						
Administered expenses	1.9	-	12,800	12,979	13,174	-
Legislative drafting – additional resources						
Departmental expenses	1.1	-	5,098	3,913	3,912	3,935
Managing National Security Risks in Critical Infrastructure						
Departmental expenses	1.1	-	-	-	-	-
National Disability Insurance Scheme – finalisation of transition arrangements						
Administered expenses	1.7	733	170,976	82,890	267,829	nfp
National Fire Danger Rating System						
Administered expenses	1.9	-	500	200	-	-

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
National Partnership Agreement on Rheumatic Fever Strategy – continuation and expansion						
Administered expenses	1.9	-	392	398	401	407
National Partnership Agreement on Universal Access to Early Childhood Education – extension						
Administered expenses	1.9	-	128,360	299,507	-	-
National Partnership on Regulatory Reform – establishment						
Administered expenses	1.9	-	125,000	175,000	-	-
Prioritising Mental Health – suicide prevention support programs						
Administered expenses	1.9	-	3,000	3,000	3,000	-
Proton Beam Facility in South Australia						
Administered expenses	1.9	-	68,000	-	-	-
Public Service Modernisation Fund (b) – Agency Sustainability						
Departmental expenses	1.1	-	-	-	-	-
– Transformation and Innovation						
Departmental expenses	1.1	-	-	-	-	-
Queensland Tourism Cyclone Debbie Recovery Package						
Administered expenses	1.9	3,500	-	-	-	-
Reducing Pressure on Housing Affordability – a new National Housing and Homelessness Agreement						
Administered expenses	1.8	-	-	121,082	125,117	129,091
– establishment of the National Housing Finance and Investment Corporation (c)						
Departmental expenses	1.1	-	4,828	-	-	-
– National Housing Infrastructure Facility (c)						
Administered expenses	1.1	-	-	-	-	-

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
– Social Impact Investments						
Administered expenses	1.9	-	-	-	531	531
– Western Sydney						
Administered expenses	1.9	-	nfp	nfp	nfp	nfp
Review of Diplomatic Entitlements						
Departmental expenses	1.1	-	-	(52)	(52)	(53)
Schools Security Programme – extension						
Administered expenses	1.9	-	5,714	5,714	5,714	-
Skilling Australians Fund						
Administered expenses	1.9	-	350,000	360,000	390,000	370,000
Small Business Information Campaign						
Administered expenses	1.1	-	-	-	-	-
Social Impact Investing Market – trials						
Administered expenses	1.9	-	-	-	531	531
Support for Health Services in Tasmania						
Administered expenses	1.9	730,368	1,800	1,800	1,800	800
Supporting No Jab No Pay – National Immunisation Program – expansion						
Administered expenses	1.9	-	226	226	226	226
Tax Integrity – public information campaign						
Departmental expenses	1.1	-	-	-	-	-
Administered expenses	1.1	-	-	-	-	-
Tax Integrity Package						
– Black Economy Taskforce: extension of the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries						
Administered expenses	1.4	-	-	32,000	47,000	51,000
– Black Economy Taskforce: one year extension of funding for ATO audit and compliance activities						
Administered expenses	1.4	-	49,600	31,600	18,400	10,200

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
– Black Economy Taskforce: prohibition on sales suppression technology and software						
Administered expenses	1.4	-	*	*	*	*
– combating fraud in the precious metals industry						
Administered expenses	1.4	*	*	*	*	*
– improving the integrity of GST on property transactions						
Administered expenses	1.4	-	-	940,000	300,000	330,000
Temporary sponsored parent visa – establishment						
Administered expenses	1.4	-	-	..	3,000	8,000
WA Infrastructure and GST Top-Up payment						
Administered expenses	1.9	226,000	-	-	-	-
Total		960,601	956,308	2,062,007	1,337,196	(352,922)
Total expense measures						
Administered		960,601	934,731	2,044,197	1,333,336	(356,804)
Departmental		-	21,577	17,810	3,860	3,882
Total		960,601	956,308	2,062,007	1,337,196	(352,922)

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Capital measures						
Enhancing Treasury Capability to Support Government						
Departmental capital	1.1	-	3,000	3,183	-	-
Reducing Pressure on Housing Affordability – establishment of the National Housing Finance and Investment Corporation						
Departmental capital	1.1	-	4,750	-	-	-
Total		-	7,750	3,183	-	-
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	7,750	3,183	-	-
Total		-	7,750	3,183	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

- (a) The Government has announced in this Budget that it will establish the Medicare Guarantee Fund as a special account in the Treasury portfolio. Following passage of enabling legislation, the Medicare Guarantee Fund will be reported in the next budget update.
- (b) *Public Service Modernisation Fund — agency sustainability* and *Public Service Modernisation Fund — transformation and innovation stream* are cross-portfolio measures. The provision of the funding to the Treasury is to support the consolidation of shared corporate services arrangements. The funding impacts of these two measures are as follows: \$7.7 million in 2017-18; \$10.0 million in 2018-19 and \$7.7 million in 2019-20.
- (c) Provision of \$53.5 million from 2018-19 to 2020-21 for *Reducing Pressure on Housing Affordability — establishment of the National Housing Finance and Investment Corporation* and \$118.0 million from 2018-19 to 2020-21 for *Reducing Pressure on Housing Affordability — National Housing Infrastructure Facility* has been made in the Contingency Reserve.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Treasury can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Statement](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to Government and the efficient administration of federal financial relations.

Budgeted expenses for Outcome 1

Table 2.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Department of the Treasury					
Departmental expenses					
Departmental appropriations	170,276	189,580	187,186	167,183	160,264
Retained revenue receipts (a)	12,203	12,423	12,423	12,423	11,023
Special accounts					
Actuarial Services Special Account (b)	220	-	-	-	-
Expenses not requiring appropriation in the Budget year (c)	9,441	9,486	9,517	9,559	9,377
Departmental total	192,140	211,489	209,126	189,165	180,664
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	12,350	8,374	70	60	-
Special appropriations: PGPA Act 2013 - s77 repayments	1,000	1,000	1,000	1,000	1,000
Administered total	13,350	9,374	1,070	1,060	1,000
Total expenses for program 1.1	205,490	220,863	210,196	190,225	181,664
Program 1.2: Payments to International Financial Institutions					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Global Infrastructure Facility	12,500	-	-	-	-
Asia Pacific Project Preparation Facility	5,000	-	-	-	-
Special appropriations					
International Monetary Agreements Act 1947	14,034	30,292	42,408	56,370	70,770
Expenses not requiring appropriation (d)	-	124,642	-	-	-
Administered total	31,534	154,934	42,408	56,370	70,770
Total expenses for program 1.2	31,534	154,934	42,408	56,370	70,770

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.3: Support for Markets and Business					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Housing Loans Insurance Company Limited - pre-transfer contract portfolio management					
	675	9	9	9	9
Global Infrastructure Hub					
	6,800	6,800	3,400	-	-
Small Business Advisory Services					
	7,414	7,706	5,994	6,292	5,974
Administered total	14,889	14,515	9,403	6,301	5,983
Total expenses for program 1.3	14,889	14,515	9,403	6,301	5,983
Program 1.4: General Revenue Assistance					
Special appropriations					
GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i>					
	59,240,000	62,340,000	65,590,000	67,670,000	71,540,000
Special accounts					
COAG Reform Fund					
ACT municipal services					
	39,054	39,562	40,116	40,717	41,287
Compensation for reduced royalties					
	34,413	28,256	26,536	28,768	30,542
Royalties					
	587,671	587,750	528,717	511,009	515,000
Snowy Hydro Limited tax compensation					
	75,000	75,000	75,000	75,000	75,000
Administered total	59,976,138	63,070,568	66,260,369	68,325,494	72,201,829
Total expenses for program 1.4	59,976,138	63,070,568	66,260,369	68,325,494	72,201,829
Program 1.5: Assistance to the States for Healthcare Services					
Special appropriations					
National Health Reform funding - <i>Federal Financial Relations Act 2009 (e)</i>					
	18,459,771	19,562,602	20,638,590	21,768,588	-
Public Hospitals funding - <i>Federal Financial Relations Act 2009 (e)</i>					
	-	-	-	-	22,676,723
Administered total	18,459,771	19,562,602	20,638,590	21,768,588	22,676,723
Total expenses for program 1.5	18,459,771	19,562,602	20,638,590	21,768,588	22,676,723

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.6: Assistance to the States for Skills and Workforce Development					
Special appropriations					
National Skills and Workforce Development SPP - <i>Federal Financial Relations Act 2009</i>	1,476,079	1,495,490	1,516,875	1,540,311	1,562,568
Administered total	1,476,079	1,495,490	1,516,875	1,540,311	1,562,568
Total expenses for program 1.6	1,476,079	1,495,490	1,516,875	1,540,311	1,562,568
Program 1.7: Assistance to the States for Disability Services					
Special appropriations					
National Disability Services SPP - <i>Federal Financial Relations Act 2009 (f)</i>	1,490,390	1,519,694	950,806	180,439	-
Administered total	1,490,390	1,519,694	950,806	180,439	-
Total expenses for program 1.7	1,490,390	1,519,694	950,806	180,439	-
Program 1.8: Assistance to the States for Affordable Housing					
Special appropriations					
National Affordable Housing SPP - <i>Federal Financial Relations Act 2009 (g)</i>	1,342,589	1,360,042	-	-	-
Special accounts					
COAG Reform Fund National Housing and Homelessness (g)	-	-	1,500,165	1,524,886	1,548,457
Administered total	1,342,589	1,360,042	1,500,165	1,524,886	1,548,457
Total expenses for program 1.8	1,342,589	1,360,042	1,500,165	1,524,886	1,548,457
Program 1.9: National Partnership Payments to the States					
Special accounts					
COAG Reform Fund (h)	11,636,612	11,813,074	11,720,749	7,823,682	5,649,020
Administered total	11,636,612	11,813,074	11,720,749	7,823,682	5,649,020
Total expenses for program 1.9	11,636,612	11,813,074	11,720,749	7,823,682	5,649,020

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Outcome 1 Totals by Appropriation Type					
Departmental expenses					
Ordinary annual services (Appropriation Bill No. 1)	170,276	189,580	187,186	167,183	160,264
s74 Retained revenue receipts	12,203	12,423	12,423	12,423	11,023
Special accounts	220	-	-	-	-
Expenses not requiring appropriation	9,441	9,486	9,517	9,559	9,377
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	44,739	22,889	9,473	6,361	5,983
Special appropriations	82,023,863	86,309,120	88,739,679	91,216,708	95,851,061
Special accounts	12,372,750	12,543,642	13,891,283	10,004,062	7,859,306
Expenses not requiring appropriation	-	124,642	-	-	-
Total expenses for Outcome 1	94,633,492	99,211,782	102,849,561	101,416,296	103,897,014

	2016-17	2017-18
Average staffing level (number)	815	859

- (a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
- (b) The Actuarial Services Special Account was sunset on 1 October 2016.
- (c) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.
- (d) Expenses not requiring appropriation in the Budget year relate to foreign exchange losses.
- (e) Until 2019-20, National Health Reform funding will be linked to the level of hospital services delivered in each State or Territory. Arrangements for 2020-21 and later years will be subject to the outcome of negotiations with the States and Territories.
- (f) A zero entitlement to National Disability SPP funding indicates that the NDIS has been fully rolled out.
- (g) From 2018-19, funding from the National Affordable Housing SPP and the National Partnership on Homelessness will be combined under the National Housing and Homelessness Agreement.
- (h) Table 2.2 provides details of specific payments linked to programs administered by other portfolios.
- Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Program 1.9 expenses

	Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Special accounts						
COAG Reform Fund						
Agriculture portfolio						
Assistance for pest animal and weed management in drought-affected areas	1.2	4,000	4,000	2,000	-	-
Established Pest and Weed Management	2.2	5,000	5,000	5,000	-	-
Great Artesian Basin Sustainability Initiative	3.1	10,279	421	-	-	-
Implementing Water Reform in the Murray-Darling Basin	3.1	20,000	20,000	20,000	20,000	-
Mechanical Fuel Load Reduction trial	1.3	-	500	-	-	-
Pest and disease preparedness and response programs	2.2	21,261	19,892	19,835	20,154	20,456
South Australian River Murray Sustainability Program						
- Irrigation efficiency and water purchase	3.1	10,500	21,500	-	-	-
- Irrigation industry assistance	1.2	39,500	25,000	10,000	-	-
Sustainable Rural Water Use and Infrastructure Program	3.1	329,933	433,989	336,538	75,256	19,494
Water Infrastructure Development Fund						
- Feasibility studies	3.1	13,298	24,936	6,266	-	-
- Capital component	3.1	-	15,000	45,000	80,000	80,000
Total		453,771	570,238	444,639	195,410	119,950

Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Attorney-General's portfolio					
Family advocacy and support services	1.4	4,235	6,978	-	-
Bushfire mitigation	1.7	5,250	-	-	-
Legal assistance services	1.4	257,144	261,514	270,012	-
National Fire Danger Rating System	1.2	-	500	200	-
Natural Disaster Relief and Recovery Arrangements	1.7	82,424	9,419	1,520	-
Natural disaster resilience	1.7	15,008	63,292	-	-
Schools Security Programme	1.7	1,536	5,714	5,714	-
Total		365,597	347,417	280,292	275,726
Communications portfolio					
Online safety programmes in schools	1.2	2,891	3,750	-	-
Wifi and mobile coverage on trains	1.1	-	5,000	5,000	2,000
Total		2,891	8,750	5,000	2,000
Defence portfolio					
School Pathways Program	1.3	1,200	-	-	-
Total		1,200	-	-	-

Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Education portfolio					
Building Australia's Future Workforce -Skills Reform	526,906	-	-	-	-
Independent Public Schools initiative	22,220	-	-	-	-
National School Chaplaincy Programme	60,587	60,587	-	-	-
Trade training centres in schools	725	-	-	-	-
Universal access to early childhood education	418,005	425,844	299,507	-	-
National Occasional Care Programme	1,509	1,536	-	-	-
National quality agenda for early childhood education and care	21,646	20,330	-	-	-
Skilling Australians Fund	-	350,000	360,000	390,000	370,000
Total	1,051,598	858,297	659,507	390,000	370,000
Environment portfolio					
Management of the World Heritage Values of the Tasmanian Wilderness	1,780	1,663	-	-	-
Whale and dolphin entanglements	224	-	-	-	-
Total	2,004	1,663	-	-	-
Finance portfolio					
Provision of Fire Services	20,347	21,059	21,796	22,559	23,348
Total	20,347	21,059	21,796	22,559	23,348
Foreign Affairs and Trade portfolio					
Developing demand - driver infrastructure for tourism industry	10,413	18,996	-	-	-
Regional Tourism Infrastructure and Innovation Fund	3,500	-	-	-	-
Tasmanian Tourism Growth Package	1,120	-	-	-	-
Total	15,033	18,996	-	-	-

Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Health portfolio					
Accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory	3,000	-	-	-	-
Additional assistance for public hospitals	-	-	300	400	-
Addressing blood borne viruses and sexually transmissible infections in the Torres Strait	1,120	1,120	1,120	1,120	-
Adult Public Dental Services	104,500	107,750	107,750	-	-
Albury-Wodonga Cardiac Catheterisation Laboratory	3,000	500	1,000	-	-
Construction of Palmerston Hospital	20,000	-	-	-	-
Encourage more clinical trials in Australia	-	2,500	1,500	1,500	1,500
Essential vaccines	142,191	143,563	145,322	146,728	150,779
Expansion of the BreastScreen Australia program	15,887	14,722	14,929	15,152	15,364
Health infrastructure					
- National cancer system	2,000	4,980	1,600	-	-
- Regional priority round	93,576	54,300	29,930	10,000	-
Heffron Park Centre of Excellence	1,000	3,000	6,000	-	-
Hepatitis C settlement fund	154	157	159	161	-
Home and Community Care	190,933	202,792	-	-	-
Hummingbird House	800	800	800	800	-
Total	578,161	536,184	310,410	175,861	167,643

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Health portfolio (continued)						
Improving Health Services in Tasmania						
-						
	2.7	1,095	-	-	-	-
-	2.7	8,486	-	-	-	-
-	2.7	10,663	10,000	5,000	-	-
-	1.3	2,000	-	-	-	-
	2.2	4,294	5,123	5,132	5,224	5,307
	2.7	730,368	1,800	1,800	1,800	800
National Bowel Cancer Screening Program - participant follow-up function						
	2.4	4,747	6,352	-	-	-
	2.4	800	400	400	400	-
	2.2	5,905	6,171	6,448	6,739	7,042
	5.2	1,748	1,769	1,795	1,824	-
Total		770,106	31,615	20,575	15,987	13,149

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Health portfolio (continued)						
Proton beam facility	1.3	-	68,000	-	-	-
Rheumatic fever strategy	2.2	3,110	3,129	3,176	3,224	3,272
Royal Darwin Hospital - equipped, prepared and ready	5.2	15,740	16,023	16,311	-	-
Suicide Prevention	2.1	-	3,000	3,000	3,000	-
Supporting National Mental Health Reform	2.1	7,222	-	-	-	-
Mosquito control and cross-border liaison in the Torres Strait	5.2	992	1,001	1,016	1,032	-
Management of Torres Strait / Papua New Guinea cross-border health issues	5.2	4,653	4,708	4,778	4,854	-
Upgrade to Ballina Hospital	1.3	2,600	-	-	-	-
Vaccine-preventable diseases surveillance	5.2	845	849	862	876	-
Victorian Cytology Service	2.4	9,799	10,168	10,310	10,465	10,611
Total		44,961	106,878	39,453	23,451	13,883

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Industry portfolio						
Environmental management of the former Rum Jungle mine site	2.4	-	6,076	3,972	-	-
Total		-	6,076	3,972	-	-
Infrastructure and Regional Development portfolio						
Infrastructure Growth Package – Asset Recycling Fund						
- New investments	1.1	515,520	473,802	74,612	6,660	-
- Western Sydney Infrastructure Plan	1.1	278,774	724,970	488,077	190,048	430,000
Infrastructure Investment Programme						
- Black spot projects	1.1	25,000	85,000	85,000	85,000	60,000
- Bridges renewal programme	1.1	64,299	90,000	85,000	85,000	60,000
- Heavy vehicle safety and productivity	1.1	50,202	60,000	60,000	70,000	40,000
- Improving the national network	1.1	1	-	-	-	-
- Investment - Rail	1.1	207,866	438,133	415,550	345,000	658,000
- Investment - Road	1.1	4,231,453	4,158,351	3,916,128	3,458,393	2,083,450
- National Rail Program	1.1	-	-	-	200,000	400,000
Interstate road transport	2.2	71,002	71,002	71,002	71,002	71,002
Murray-Darling Basin - Regional Economic Diversification	3.1	22,706	-	-	-	-
Northern Australia - Improving cattle supply chains	1.1	1,702	45,374	42,314	10,610	-
South Australian River Murray Sustainability Programme Regional economic development	3.1	2,500	-	-	-	-
North Queensland Stadium	1.1	10,000	50,000	35,000	5,000	-
Northern Australia Roads Projects	1.1	12,000	188,486	220,184	179,330	-
Total		5,493,025	6,385,118	5,492,867	4,706,043	3,802,452

Table 2.2: Program 1.9 expenses (continued)

Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Prime Minister and Cabinet portfolio					
Northern Territory remote Aboriginal investment					
- Children and schooling	38,449	38,805	33,108	34,790	28,937
- Community safety	67,392	63,007	53,636	44,355	34,629
- Remote Australia strategies	49,685	50,903	3,536	3,536	3,651
Remote Indigenous Housing	390,982	385,421	-	-	-
Total	546,508	538,136	90,280	82,681	67,217
Social Services portfolio					
Homelessness	115,000	117,221	-	-	-
National Outcome Standards for Perpetrator Intervention	1,829	-	-	-	-
Pay equity for the social and community services sector	184,796	180,983	164,416	74,829	47,588
Payments from the DisabilityCare Australia Fund	340,238	537,983	3,180,788	1,344,866	1,014,136
Social Impact Bonds	-	-	-	1,062	1,062
Specialist disability services	313,121	321,896	167,801	28,216	-
Transition to Independent Living Allowance	-	-	3,512	3,512	3,512
Transition to NDIS in WA	-	169,681	267,601	474,829	-
Trial of Western Australia NDIS sites	67,983	-	-	-	-
Women's Safety Package - technology trials	1,290	1,960	2,230	2,020	-
Total	1,024,257	1,329,724	3,786,348	1,929,334	1,066,298

Table 2.2: Program 1.9 expenses (continued)

	Agency PBS Program	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Treasury portfolio						
Asset Recycling - Energy Infrastructure	1.9	-	18,300	18,300	-	-
Financial assistance to NSW Government for NSW Police	1.9	-	80	2,910	4,630	5,080
First Home Owners Boost	1.9	(258)	-	-	-	-
Implementation of the National Insurance Affordability Initiative	1.9	7,000	4,980	-	-	-
Infrastructure Growth Package – Asset Recycling Initiative	1.9	1,018,851	898,313	369,400	-	-
Moneysmart Teaching	1.9	1,310	-	-	-	-
National Register of Foreign Ownership of Land Titles	1.9	8,000	-	-	-	-
North Queensland Strata Title Inspection Scheme	1.9	6,250	6,250	-	-	-
Regulatory reform	1.9	-	125,000	175,000	-	-
Western Australia Infrastructure projects	1.9	226,000	-	-	-	-
Total		1,267,153	1,052,923	565,610	4,630	5,080
Total program expenses		11,636,612	11,813,074	11,720,749	7,823,682	5,649,020

Table 2.3: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to Government and the efficient administration of federal financial relations</p>
<p>Program 1.1: Department of the Treasury</p> <p>The objectives of the Treasury are:</p> <ul style="list-style-type: none">• promoting a sound macroeconomic environment;• promoting effective Government spending arrangements that contribute to overall fiscal outcomes and influence strong sustainable economic growth;• supporting financial relations with the State and Territory Governments;• developing effective taxation and retirement income arrangements consistent with the Government’s reform priorities;• developing a well-functioning financial system that encourages consumer and investor confidence;• a well-regulated, competitive and efficient small business sector; and• supporting effective and sustainable structural reform.

<p>Delivery</p>	<p>The Treasury achieves its objectives by providing support to the Australian Government in relation to:</p> <ul style="list-style-type: none"> • domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies; • the setting of sound macroeconomic policies and assessments of how Government policy options would affect the Australian economy; • fiscal strategy, with the aim of ensuring fiscal sustainability over the economic cycle; • Commonwealth-State financial relations; • implementing the Government's taxation and retirement income reforms; • Australia's financial system and services regulatory policy framework; • foreign investment issues including assessing foreign investment proposals and implementing the Government's commitment to strengthen the foreign investment framework; • small business policy frameworks, including ongoing support for the Australian Small Business and Family Enterprise Ombudsman; and • the structure and reform of Australian industries and regions, including approaches to regulation. <p>The Treasury achieves these objectives through its engagement with the private sector, international fora, non-Government organisations, academia and other policy-focused institutions, and is a high-performing and flexible organisation.</p>
<p>Performance information</p>	
<p>Performance criteria</p>	<p>2016-17 and forward year targets</p>
<p>The Treasury will assist the Government by:</p>	<p>The Treasury will be measured by:</p>
<p>Providing high-quality, timely and accurate advice to the Government</p>	<p>Advice meets the Government's needs in administering its responsibilities and making and implementing decisions. Advice is based on an objective understanding of the issues and with a whole-of-Government perspective. The degree of client satisfaction with the quality and timeliness of the advice provided is assessed through formal and informal feedback mechanisms.</p>
<p>Coordinating the preparation of the Australian Government Budget and other documents</p>	<p>Documents are produced in accordance with timeframes and other requirements of the <i>Charter of Budget Honesty Act 1998</i>.</p>
<p>Strengthening the Treasury's links with the private sector, non-Government organisations, academia and other policy-focused institutions over the period</p>	<p>The extent of contact established and maintained by the Canberra, Sydney and Melbourne offices of the Treasury with the private sector, non-Government organisations, academia and other policy-focussed institutions, including through formal policy consultations.</p> <p>The number of secondments undertaken each year with the private sector, non-Government organisations, academia and other policy-focussed institutions by the Canberra, Sydney and Melbourne offices of the Treasury.</p>

Performance criteria	2016-17 and forward year targets
Fit-for-purpose economic and tax modelling	Outcomes are consistent with forecasts, allowing for unforeseeable events.
Supporting G20 initiatives to drive global growth and enhance regional engagement with key trading partners	Involvement with the G20 Finance Ministers' and Central Bank Governors' meetings and supporting G20 working group meetings.
Assessing foreign investment proposals	Number of proposals assessed. Number of significant (complex) cases and the degree of the Government's satisfaction with our performance in managing the cases.
Progressing the implementation of the Government's deregulation agenda, particularly by reducing red tape	Reductions in red tape are consistent with the Government's target.
Coordinating the Government's legislative program for tax and superannuation, financial system, corporations, competition and consumer policy in accordance with the Government's priorities	All Bills, regulations and supporting documents are produced in accordance with the relevant legislative requirements and guidance, including timeframes.
Publishing reports and other information that stimulate and inform Government and public debate through robust analysis, modelling and research	Number of publications and extent of online readership.
Maintaining and building our organisational capability	Evaluating Treasury's Workforce Plan annually. Provision of quality and timely corporate services, assessed through ongoing engagement with, and feedback from, the Department.
<p>Purposes</p> <p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. The Treasury provides advice across a range of issues: from tax, the Budget and the economy; to financial, foreign investment, competition and broader structural policy and from small business to international economic policy.</p>	

<p>Program 1.2 — Payments to International Financial Institutions</p> <p>The Treasury, on behalf of the Government, makes payments to international financial institutions to:</p> <ul style="list-style-type: none"> • promote international monetary cooperation; • promote stability of the international financial system and orderly exchange arrangements; • foster economic growth and high levels of employment; • provide temporary financial assistance to countries to help ease balance of payments adjustments; • facilitate the achievement of Government objectives in international forums, including support for development objectives and improved infrastructure in the Asian region; and • Support multilateral debt relief. 	
Delivery	<p>Payments are made to the International Monetary Fund (IMF), under the <i>International Monetary Agreements Act 1947</i>. Payments are also made to multilateral development banks to which Australia is a member, specifically the World Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development and the Asian Infrastructure Investment Bank, in accordance with the relevant agreement.</p>
Performance information	
Performance criteria	2016-17 and forward year targets
<p>Payment to international financial institutions are made with due regard to minimising cost and risk for Australia</p>	<p>Financial transactions are timely and accurate.</p>
<p>Purposes</p> <p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. Treasury does this by facilitating financial transactions with international financial institutions on behalf of the Treasurer.</p>	

<p>Program 1.3 — Support for Markets and Business</p> <p>Treasury, on behalf of the Australian Government, makes payments to support markets.</p>		
<p>Delivery</p>	<p>The Treasury makes the following payments in accordance with the relevant agreements:</p> <ul style="list-style-type: none"> • grants under the Australian Small Business Advisory Services (ASBAS) program are provided to not-for-profit small business advisory service providers to improve their capacity to deliver low cost small business advisory, information and referral services; and • contribution to the establishment and operation of the Global Infrastructure Hub (the Hub). 	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016-17 to 2018-19 targets</p>	<p>2019-20 targets</p>
<p>Appropriate assistance provided to enterprising people through the ASBAS program</p>	<p>25,000 additional services provided to enterprising people through the ASBAS program.</p>	<p>20,000 additional services provided to enterprising people through the ASBAS program.</p>
<p>Performance criteria</p>	<p>2016-17 and forward year targets</p>	
<p>Payments to the Hub are made in accordance with the grant agreement</p>	<p>Payments to the Hub are made according to the grant agreement.</p>	
<p>Purposes</p> <p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. Treasury does this by managing payments to support markets and business on behalf of the Treasury Ministers.</p>		

Programs 1.4 to 1.9 — Financial Support to States and Territories	
<p>Under programs 1.4 to 1.9, the Treasury provides financial support to the States and Territories for a wide range of activities under the <i>Intergovernmental Agreement on Federal Financial Relations</i> (IGAFFR) and other relevant agreements between the Commonwealth and the States and Territories. Since these programs have common performance criteria, they have been presented together below.</p> <p>Program 1.4 — General Revenue Assistance. The Treasury, on behalf of the Government, will make general revenue assistance payments to the States and Territories.</p> <p>Program 1.5 — Assistance to the States for Healthcare Services. The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of healthcare services.</p> <p>Program 1.6 — Assistance to the States for Skills and Workforce Development. The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of skills and workforce development services.</p> <p>Program 1.7 — Assistance to the States for Disability Services. The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of disability services.</p> <p>Program 1.8 — Assistance to the States for Affordable Housing. The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent in the delivery of affordable housing services.</p> <p>Program 1.9 — National Partnership Payments to the States. The Treasury, on behalf of the Government, provides financial support to the States and Territories to be spent on improving outcomes in the areas specified in each of the National Partnership agreements. These payments support the delivery of specified outputs or projects, facilitate reforms or reward jurisdictions that deliver on nationally significant reforms. This program is linked to programs administered by a number of other portfolios, as noted in Table 2.2, which provides further details of specific payments.</p>	
Delivery	<p>Payments to the States and Territories are delivered as specified in the IGAFFR and other relevant agreements. Agreements can be viewed at www.federalfinancialrelations.gov.au</p>

Performance information	
Performance criteria	2016-17 and forward year targets
<p>Payment to the States and Territories are made with regard to the arrangements specified in the IGAFFR and other relevant agreements</p>	<p>The Treasury will make timely and accurate payments to the States and Territories that reflect the requirements, the amounts and timeframes set out in the IGAFFR and other relevant agreements. The Treasury will provide advice to States and Territories on the components of each payment before it is made.</p> <p>The Treasury will provide GST revenue data to the States and Territories on a monthly, quarterly and annual basis, and will maintain a schedule of estimates of annual net GST receipts, in accordance with the requirements of the IGAFFR.</p>
Purposes	
<p>The Treasury serves the Australian people by assisting the Australian Government's Treasury Ministers to discharge their responsibilities. The Treasury does this by managing payments to the States and Territories on behalf of the Treasurer.</p>	
<p>Further details of programs 1.4 to 1.9, including estimates across the forward years, can be found in <i>Budget Paper No.3, Federal Financial Relations 2017-18</i>.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

The entity resource statement is prepared on a cash basis and provides a view of cash/appropriations resources available to the Treasury whilst the financial statements are prepared on an accrual basis.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Treasury is budgeting for a break-even operating result, after non-appropriated expenses such as depreciation are removed, in 2017-18 and over the forward estimates.

The Treasury has a sound financial position and has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	127,502	138,769	141,856	130,133	131,375
Suppliers	57,372	65,409	59,928	51,648	42,087
Grants	1,958	1,958	1,958	1,958	1,958
Depreciation and amortisation	5,308	5,353	5,384	5,426	5,244
Total expenses	192,140	211,489	209,126	189,165	180,664
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	11,431	11,651	11,651	11,651	10,251
Other	772	772	772	772	772
Total own-source revenue	12,203	12,423	12,423	12,423	11,023
Gains					
Other	4,133	4,133	4,133	4,133	4,133
Total gains	4,133	4,133	4,133	4,133	4,133
Total own-source income	16,336	16,556	16,556	16,556	15,156
Net (cost of)/contribution by services	(175,804)	(194,933)	(192,570)	(172,609)	(165,508)
Revenue from Government	170,496	189,580	187,186	167,183	160,264
Surplus/(deficit) attributable to the Australian Government	(5,308)	(5,353)	(5,384)	(5,426)	(5,244)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	5,308	5,353	5,384	5,426	5,244
Total comprehensive income/(loss) - as per the statement of comprehensive income	(5,308)	(5,353)	(5,384)	(5,426)	(5,244)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,000	1,000	1,000	1,000	1,000
Trade and other receivables	53,620	53,531	52,417	52,856	52,708
Total financial assets	54,620	54,531	53,417	53,856	53,708
Non-financial assets					
Land and buildings	14,280	14,243	14,180	14,104	14,481
Property, plant and equipment	9,617	15,857	17,437	17,408	16,102
Intangibles	10,030	11,470	12,965	12,861	13,789
Other non-financial assets	4,890	4,890	4,890	4,890	4,890
Total non-financial assets	38,817	46,460	49,472	49,263	49,262
Total assets	93,437	100,991	102,889	103,119	102,970
LIABILITIES					
Payables					
Suppliers	335	335	335	335	335
Other payables	5,527	5,527	5,527	5,527	5,527
Total payables	5,862	5,862	5,862	5,862	5,862
Provisions					
Employee provisions	47,892	47,803	46,689	47,128	46,980
Other provisions	3,279	3,279	3,279	3,279	3,279
Total provisions	51,171	51,082	49,968	50,407	50,259
Total liabilities	57,033	56,944	55,830	56,269	56,121
Net assets	36,404	44,047	47,059	46,850	46,849
EQUITY*					
Parent entity interest					
Contributed equity	64,136	77,132	85,528	90,745	95,988
Reserves	12,188	12,188	12,188	12,188	12,188
Retained surplus (accumulated deficit)	(39,920)	(45,273)	(50,657)	(56,083)	(61,327)
Total equity	36,404	44,047	47,059	46,850	46,849

*'Equity' is the residual interest in assets after the deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(39,920)	12,188	64,136	36,404
Opening balance	(39,920)	12,188	64,136	36,404
Comprehensive income				
Surplus/(deficit) for the period	(5,353)	-	-	(5,353)
Total comprehensive income	(5,353)	-	-	(5,353)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	4,750	4,750
Departmental capital budget (DCB)	-	-	8,246	8,246
Sub-total transactions with owners	-	-	12,996	12,996
Estimated closing balance as at 30 June 2018	(45,273)	12,188	77,132	44,047
Closing balance attributable to the Australian Government	(45,273)	12,188	77,132	44,047

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	167,637	189,527	188,137	164,744	164,408
Sale of goods and rendering of services	11,431	11,651	11,651	11,651	10,251
Other	772	772	1,022	1,022	1,022
Total cash received	179,840	201,950	200,810	177,417	175,681
Cash used					
Employees	125,836	138,280	142,385	124,848	130,395
Suppliers	53,822	61,712	56,217	50,361	43,078
Other	1,958	1,958	2,208	2,208	2,208
Total cash used	181,616	201,950	200,810	177,417	175,681
Net cash from/(used by) operating activities	(1,776)	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	5,598	12,996	8,396	5,217	5,243
Total cash used	5,598	12,996	8,396	5,217	5,243
Net cash from/(used by) investing activities	(5,598)	(12,996)	(8,396)	(5,217)	(5,243)
FINANCING ACTIVITIES					
Cash received					
Appropriations - equity injections	300	4,750	-	-	-
Appropriations - DCB	5,298	8,246	8,396	5,217	5,243
Total cash received	5,598	12,996	8,396	5,217	5,243
Net cash from/(used by) financing activities	5,598	12,996	8,396	5,217	5,243
Net increase/(decrease) in cash held	(1,776)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	2,776	1,000	1,000	1,000	1,000
Cash and cash equivalents at the end of the reporting period	1,000	1,000	1,000	1,000	1,000

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	5,298	8,246	8,396	5,217	5,243
Equity injections - Bill 2	300	4,750	-	-	-
Total new capital appropriations	5,598	12,996	8,396	5,217	5,243
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	5,598	12,996	8,396	5,217	5,243
Total items	5,598	12,996	8,396	5,217	5,243
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	300	4,750	-	-	-
Funded by capital appropriation - DCB	5,298	8,246	8,396	5,217	5,243
TOTAL	5,598	12,996	8,396	5,217	5,243
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,598	12,996	8,396	5,217	5,243
Total cash used to acquire assets	5,598	12,996	8,396	5,217	5,243

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.
Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Land and buildings \$'000	Plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	15,650	16,499	26,982	59,131
Accumulated depreciation/ amortisation and impairment	(1,370)	(6,882)	(16,952)	(25,204)
Opening net book balance	14,280	9,617	10,030	33,927
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	4,750	-	4,750
By purchase - appropriation ordinary annual services (b)	1,351	3,013	3,882	8,246
Total additions	1,351	7,763	3,882	12,996
Other movements				
Depreciation/amortisation expense	(1,388)	(1,523)	(2,442)	(5,353)
Total other movements	(1,388)	(1,523)	(2,442)	(5,353)
As at 30 June 2018				
Gross book value	17,001	24,262	30,864	72,127
Accumulated depreciation/ amortisation and impairment	(2,758)	(8,405)	(19,394)	(30,557)
Closing net book balance	14,243	15,857	11,470	41,570

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2017-18.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Grants	94,413,140	98,835,834	102,596,741	101,169,630	103,644,410
Interest	14,034	30,292	42,408	56,370	70,770
Suppliers	13,503	9,525	1,286	1,131	1,170
Foreign exchange	-	124,642	-	-	-
Other expenses	675	-	-	-	-
Total expenses administered on behalf of Government	94,441,352	99,000,293	102,640,435	101,227,131	103,716,350
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	786,260	731,921	699,156	565,750	567,698
Interest	4,431	8,941	12,547	14,138	13,564
Dividends	1,123,500	629,500	1,039,000	1,325,000	-
COAG revenue from government entities	596,036	792,189	3,416,206	1,490,697	1,132,726
Other revenue	4,300	4,600	4,650	4,900	4,900
Total non-taxation revenue	2,514,527	2,167,151	5,171,559	3,400,485	1,718,888
Total own-source revenue administered on behalf of Government	2,514,527	2,167,151	5,171,559	3,400,485	1,718,888
Gains					
Foreign exchange	157,199	-	-	289,454	310,699
NDRRA provision - revaluation	54,472	-	-	-	-
Total gains administered on behalf of Government	211,671	-	-	289,454	310,699
Total own-sourced income administered on behalf of Government	2,726,198	2,167,151	5,171,559	3,689,939	2,029,587
Net cost of/(contribution by) services	91,715,154	96,833,142	97,468,876	97,537,192	101,686,763
Total comprehensive income/(loss)	(91,715,154)	(96,833,142)	(97,468,876)	(97,537,192)	(101,686,763)

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Advances and loans	770,211	781,141	751,416	613,849	479,483
Receivables	1,110,384	605,662	1,062,865	1,345,321	17,220
Investments	37,366,528	37,339,779	37,532,900	38,224,753	38,747,348
Total financial assets	39,247,123	38,726,582	39,347,181	40,183,923	39,244,051
Non-financial assets					
Other	400	400	400	400	400
Total non-financial assets	400	400	400	400	400
Total assets administered on behalf of Government	39,247,523	38,726,982	39,347,581	40,184,323	39,244,451
LIABILITIES					
Payables					
Grants	52,370	86,964	106,284	141,362	142,163
Other payables	5,567,662	5,474,915	5,477,163	5,679,698	5,891,495
Unearned income	28,480	17,927	8,451	5,168	2,152
Total payables	5,648,512	5,579,806	5,591,898	5,826,228	6,035,810
Interest bearing liabilities					
Loans	9,534,223	9,141,760	9,116,994	9,093,655	9,095,882
Total interest bearing liabilities	9,534,223	9,141,760	9,116,994	9,093,655	9,095,882
Provisions					
Provisions for grants	511,530	82,485	-	-	-
Total provisions	511,530	82,485	-	-	-
Total liabilities administered on behalf of Government	15,694,265	14,804,051	14,708,892	14,919,883	15,131,692
Net assets/(liabilities)	23,553,258	23,922,931	24,638,689	25,264,440	24,112,759

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	104,136	100,952	100,215	93,763	93,373
Interest	1,293	3,311	4,223	4,565	4,202
Dividends	3,279,319	1,123,500	572,000	1,039,000	1,325,000
COAG receipts from entities	17,638,804	18,963,699	3,416,204	1,490,697	1,132,726
Other	4,300	4,600	4,650	4,900	4,900
Total cash received	21,027,852	20,196,062	4,097,292	2,632,925	2,560,201
Cash used					
Grant payments	111,968,597	116,770,657	102,060,642	100,662,302	103,169,197
Interest paid	10,541	28,311	40,160	53,916	68,642
Other	14,178	9,525	1,286	1,131	1,170
Total cash used	111,993,316	116,808,493	102,102,088	100,717,349	103,239,009
Net cash from/(used by) operating activities	(90,965,464)	(96,612,431)	(98,004,796)	(98,084,424)	(100,678,808)
INVESTING ACTIVITIES					
Cash received					
Advances and loans	20,225	54,700	82,899	147,140	143,728
IMF maintenance of value	472,003	-	-	-	-
Total cash received	492,228	54,700	82,899	147,140	143,728
Cash used					
Purchase of investments	312,853	585,085	217,886	225,656	-
Advances and loans	15,000	60,000	44,850	-	-
Total cash used	327,853	645,085	262,736	225,656	-
Net cash from/(used by) investing activities	164,375	(590,385)	(179,837)	(78,516)	143,728
Net increase / (decrease) in cash held	(90,801,089)	(97,202,816)	(98,184,633)	(98,162,940)	(100,535,080)
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	95,278,399	99,282,066	102,364,824	100,943,005	103,239,009
Cash to Official Public Account for:					
- Appropriations	(4,477,310)	(2,079,250)	(4,180,191)	(2,780,065)	(2,703,929)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Administered assets and liabilities	60,000	60,000	44,850	-	-
Special appropriations	312,853	585,085	217,886	225,656	-
Total new capital appropriations	372,853	645,085	262,736	225,656	-
<i>Provided for:</i>					
James Hardie asbestos compensation fund - loan to NSW Government	60,000	60,000	44,850	-	-
International financial institutions	312,853	585,085	217,886	225,656	-
Total items	372,853	645,085	262,736	225,656	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN BUREAU OF STATISTICS

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AUSTRALIAN BUREAU OF STATISTICS

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The ABS is Australia's national statistical agency, providing trusted official statistics on a wide range of economic, social, population and environmental matters of importance to Australia. The ABS also has an important role in maximising the use of statistics by collaborating with official bodies in the collection, compilation, analysis and distribution of statistics and coordinating statistical activities. This assists in maximising the value of Government investment on these activities, and helps to ensure outputs are fit-for-purpose.

The highest priorities for the ABS will be the continued delivery of high quality, timely statistics on important matters; the rebuilding of public confidence and trust in the ABS following the conduct of the 2016 Census of Population and Housing; the strengthening of partnerships; and the driving of high performance.

The ABS operates in a dynamic environment and is being challenged to deliver the best statistical program possible, given the resourcing allocated. New opportunities for accessing and interrogating a vast amount of administrative, transactional and other data are becoming available, increasing the potential to provide new insights into matters of importance to Australians. The ABS will improve its communication to explain its statistics and innovative processes to the public.

The ABS is fundamentally transforming across all aspects of the organisation. The Australian Government investment of \$257 million over five years, from 2015 to 2020, to modernise ABS infrastructure has provided the foundation for the ABS to transform for the future, and is a key enabler of the ABS vision of *unleashing the power of statistics for a better Australia*. The ABS is placing an increased focus on governance, risk management, external engagement and communications in line with the recommendations of the *Review into the Events Surrounding the 2016 eCensus*.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the ABS for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Bureau of Statistics resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	52,462	51,102
Departmental appropriation	520,363	328,937
s 74 retained revenue receipts (c)	65,590	57,904
Departmental capital budget (d)	20,402	19,928
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available	7,161	-
Equity injection	41,706	23,298
<i>Total departmental annual appropriations</i>	<i>707,684</i>	<i>481,169</i>
Total departmental resourcing	707,684	481,169
Total resourcing for Australian Bureau of Statistics	707,684	481,169
	2016-17	2017-18
Average staffing level (number)	2,894	2,486

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

(b) Adjusted appropriation carried forward from previous year.

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No. 2) 2017-18.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Australian Bureau of Statistics are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2017-18 Budget measures

Part 1: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures						
Public Service Modernisation Fund - transformation and innovation stream (a)	1.1					
Departmental expenses		-	-	-	-	-
Total expense measures		-	-	-	-	-
Capital measures						
Public Service Modernisation Fund - transformation and innovation stream (a)	1.1					
Departmental capital		-	-	-	-	-
Total capital measures		-	-	-	-	-
Total		-	-	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

(a) The ABS will receive \$37.7m over three years from 2017-18 for the measure Public Service Modernisation Fund - Transformation and Innovation stream. The full measure description and package details appear in Budget Paper No. 2 under the cross portfolio heading.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for ABS can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Statement](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:	
Decisions on important matters made by Governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.	
New Outcome 1	<i>Decisions on important matters made by Governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.</i>
Description of change:	New outcome, created for Budget 2017-18, supersedes the old Outcome 1.
Old Statement:	<i>Informed decisions, research and discussion within Governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information.</i>

Linked programs

Many programs rely on ABS statistics to inform decision making. Many ABS statistics rely on quality State, Territory and Commonwealth administrative data.

Australian Tax Office (ATO)
Programs
<ul style="list-style-type: none"> • Program 1.3 — Australian Business Register
Contribution to Outcome 1 made by linked programs
Program 1.3 — Australian Business Register provides essential infrastructure to the ABS operations of most ABS business surveys.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Bureau of Statistics					
Departmental expenses					
Departmental appropriation	520,341	328,937	317,345	333,508	298,337
s 74 Retained revenue receipts (a)	65,590	39,904	39,913	38,508	38,519
Expenses not requiring appropriation in the Budget year (b)	35,940	61,962	43,395	40,906	37,921
Total expenses for program 1.1	621,871	430,803	400,653	412,922	374,777
Total expenses for Outcome 1	621,871	430,803	400,653	412,922	374,777
	2016-17	2017-18			
Average staffing level (number)	2,894	2,486			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the budget year are made up of depreciation expenses and amortisation expenses and an approved operating loss.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>Decisions on important matters made by Governments, business and the broader community are informed by objective, relevant and trusted official statistics produced through the collection and integration of data, its analysis, and the provision of statistical information.</p>		
<p>Program 1.1 — Australian Bureau of Statistics</p> <p>This program contributes to the outcome through delivery of high quality statistical information to inform Australia’s most important issues and through engaging with users within Government, business and the community to ensure they have the confidence in the statistical resources available to enable them to make informed decisions.</p>		
<p>Delivery</p>	<p>In 2017-18 and onwards, the ABS will:</p> <ol style="list-style-type: none"> 1. provide a range of statistical outputs, across key economic, population, social and environment subject matter areas that meet the needs of key users in Government, business and community. 2. maintain relevant and fit-for-purpose ABS statistical outputs by actively engaging with external stakeholders to understand their needs. 3. maximise the value of public data through increasing safe access to ABS microdata holdings and unlocking the potential of data sources by integrating data to create new datasets for statistical, policy and research purposes. 4. continue to transform ABS business systems and processes to improve their efficiency and the accessibility of information, and expand the range of statistical solutions available to users. 5. deliver results of the 2016 Census of Population and Housing and apply the lessons learned from 2016 to the planning for the 2021 Census. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria (a)</p>	<p>Targets</p>
<p>2016-17</p>	<p>ABS statistical solutions will continue to inform decision makers, researchers and discussion by Governments, business and the community. The ABS produces the statistics required by users and the statistics will be of sufficient quality to be fit-for-purpose for users. The ABS will engage with partners through appropriate consultation forums to understand user requirements that inform strategic directions and the ABS work program. The ABS will better manage risks to key statistics to maintain appropriate quality.</p>	<p>Target: ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard (b); except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances. Forecast: On track.</p>

Year	Performance criteria (a)	Targets
2016-17		<p>Target: At least 96% of the media articles citing ABS statistics do so without concerns about quality (c). Forecast: Not expected to meet target. Forecast is for around 75% positive or neutral sentiment following 2016 Census.</p>
		<p>Target: The following consultation will be held: three of the Australian Statistics Advisory Council; at least four of the State Statistical Forum (d); two of the Australian Government Statistical Forum; at least two Economic Statistics Advisory Group meetings; and two Population and Social Statistics Advisory Group meetings. Forecast: Mostly on track. Due to feedback from external members; the State Statistical Forum is expected to have three meetings in 2016-17 which is one less than the target.</p>
		<p>Target: Risk Management Plans are developed and approved for key economic and industry statistics. Forecast: On track.</p>
	<p>The ABS will partner and collaborate with stakeholders to develop new statistical solutions that inform decisions on important matters. ABS stakeholders will provide feedback on the effectiveness of these collaborations, their satisfaction with the ABS responsiveness in meeting their needs, and their confidence in ABS statistics.</p>	<p>Target: Partners report increased levels of satisfaction with ABS responsiveness in meeting their needs in the biennial April 2016 Stakeholder Relationship Health Assessment (e). Forecast: Not due to report until 2017-18 as the survey is undertaken every two years.</p>

Year	Performance criteria (a)	Targets
2016-17		<p>Target: Case studies are produced demonstrating how the ABS collaborates with partners to develop statistical solutions that have or will significantly inform important decision making by Government. Forecast: On track.</p>
		<p>Target: The use of ABS data integration solutions increases by 10% (f). Forecast: On track with target exceeded due to take-up of the DataLab.</p>
	<p>The ABS will reduce the burden placed on providers. Provider take-up of electronic reporting will be enhanced through a Census electronic form usable on many mobile devices.</p>	<p>Target: The ABS delivers annualised reductions in red tape of at least \$200,000. Forecast: The annual red tape reduction measure is based on business decisions taken over 2016-17 to reduce future burden, and business outcomes, and is not available at this time.</p>
		<p>Target: Estimated total provider burden on businesses remains steady at approximately 400,000 hours. Forecast: Not likely to meet target, forecast is 455,810 hours.</p>
		<p>Target: Business take-up of electronic forms exceeds 90%. Forecast: Not likely to meet target, forecast is 80% for business take-up.</p>
		<p>Target: More than 65% of the population complete their Census using an electronic form. Forecast: Not likely to meet target, with 58% of households estimated to have completed Census using electronic form.</p>

Year	Performance criteria (a)	Targets
2016-17	The ABS will collaborate with partners to improve statistical infrastructure, capabilities, people and culture. The ABS Statistical Business Transformation Program is on track to develop innovative new infrastructure and capabilities. The ABS will progress the People and Culture Action Plan including an initiative to develop the future-ready professional, analytical and conceptual skills of selected staff.	Target: The new enterprise data management environment will be implemented allowing the ABS to manage its data assets more cost-effectively. Forecast: On track.
		Target: Case studies are produced demonstrating the benefits of new and enhanced infrastructure and capabilities. Forecast: On track.
		Target: All actions from the ABS People and Culture Action Plan for 2016-17 are completed including identifying and starting to address future capability requirements through operational group workforce plans. Forecast: Mostly on track. Some actions have been reprioritised and updated, and are due to be implemented in the new 2017-18 People and Culture Action Plan.
		Target: A training course to build future ready professional, analytical and conceptual skills is developed and piloted. Forecast: On track.
2017-18	ABS statistical solutions are risk managed to maintain high quality levels, and are fit for purpose for use by decision makers, researchers, Governments, business and the community.	ABS continues to produce key economic and population statistics with appropriate coverage, frequency and timeliness as assessed by the International Monetary Fund against the Special Data Dissemination Standard (b); except where the ABS has made an explicit decision not to do so, following consultation with stakeholders, based on Australian needs and circumstances.
2018-19 and beyond	As per 2017-18	Same as 2017-18

Performance information	
Purposes (g)	The purpose that contributes to Program 1.1 — Australian Bureau of Statistics is: provides trusted official statistics on a wide range of economic, social, population and environmental matters of importance to Australia.
Material changes to Program 1.1 resulting from the following measures: There are no budget measures that materially impact on the Program 1.1 — Australian Bureau of Statistics.	

- (a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.
- (b) The Special Data Dissemination Standard (SDDS) is produced and managed by the International Monetary Fund (IMF). The IMF monitors and reports on how well countries comply with SDDS requirements for the range of statistics produced and the coverage, frequency, and timeliness of the statistics that are produced. The statistics required by the SDDS include national accounts, labour force, unemployment, consumer price inflation and estimates of resident population. The latest information on how well Australia complies with the SDDS is available on the IMF website:
<http://dsbb.imf.org/Pages/SDDS/SOOCtyCtgList.aspx?ctycode=AUS>.
- (c) This measure captures media comments about statistical data quality and general criticism of the ABS as an agency.
- (d) The State Statistical Forum was called the State Government Statistical Priorities Forum when the 2015-16 Portfolio Budget Statement was written.
- (e) Results from the June 2016 Stakeholder Relationship Health Assessment (SRHA) were reported in the 2015-16 ABS Annual Performance Statement. The SRHA is not due to be run again until 2017-18 and so will not be reported in 2016-17.
- (f) The target from 2016-17 was 'A baseline is established on the use of ABS data integration products'. This target was achieved in time to include results in the 2015-16 Annual Performance Statement so the target from 2017-18 was brought forward to 2016-17.
- (g) The ABS purpose is as listed under Performance Monitoring and Reporting (page 24) in the ABS Corporate Plan 2016-17 (cat. no. 1005.0) which is available on the ABS website.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of ABS finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

The entity resource statement is prepared on a cash basis and provides a view of cash/appropriations resources available to the ABS whilst the financial statements are prepared on an accrual basis.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The ABS is budgeting for a surplus in 2016-17 and for an approved operating loss in 2017-18 before returning to a budgeted break even result in 2018-19.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	438,394	283,748	261,774	283,063	247,826
Suppliers	147,257	102,813	95,204	88,673	88,750
Depreciation and amortisation	35,720	43,742	43,175	40,686	37,701
Other expenses	500	500	500	500	500
Total expenses	621,871	430,803	400,653	412,922	374,777
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	45,837	38,000	38,000	38,000	38,000
Other	37,753	1,904	1,913	508	519
Total own-source revenue	83,590	39,904	39,913	38,508	38,519
Gains					
Sale of assets	100	100	100	100	100
Other	120	120	120	120	120
Total gains	220	220	220	220	220
Total own-source income	83,810	40,124	40,133	38,728	38,739
Net (cost of)/contribution by services	(538,061)	(390,679)	(360,520)	(374,194)	(336,038)
Revenue from Government	520,341	328,937	317,345	333,508	298,337
Surplus/(deficit) attributable to the Australian Government	(17,720)	(61,742)	(43,175)	(40,686)	(37,701)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(17,720)	(61,742)	(43,175)	(40,686)	(37,701)
Total comprehensive income/(loss) attributable to the Australian Government	(17,720)	(61,742)	(43,175)	(40,686)	(37,701)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	18,000	(18,000)	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	35,720	43,742	43,175	40,686	37,701
Total comprehensive income/(loss) - as per the statement of comprehensive income	(17,720)	(61,742)	(43,175)	(40,686)	(37,701)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	9,684	3,600	3,600	3,600	3,600
Trade and other receivables	72,739	60,823	60,823	60,823	60,823
Total financial assets	82,423	64,423	64,423	64,423	64,423
Non-financial assets					
Property, plant and equipment	57,175	49,555	37,683	27,275	31,167
Intangibles	100,977	108,081	107,121	106,272	97,802
Other non-financial assets	10,250	10,250	10,250	10,250	10,250
Total non-financial assets	168,402	167,886	155,054	143,797	139,219
Total assets	250,825	232,309	219,477	208,220	203,642
LIABILITIES					
Payables					
Suppliers	19,564	19,564	19,564	19,564	19,564
Other payables	47,692	47,692	47,692	47,692	47,692
Total payables	67,256	67,256	67,256	67,256	67,256
Provisions					
Employee provisions	97,100	97,100	97,100	97,100	97,100
Other provisions	6,120	6,120	6,120	6,120	6,120
Total provisions	103,220	103,220	103,220	103,220	103,220
Total liabilities	170,476	170,476	170,476	170,476	170,476
Net assets	80,349	61,833	49,001	37,744	33,166
EQUITY*					
Parent entity interest					
Contributed equity	271,934	315,160	345,503	374,932	408,055
Reserves	23,980	23,980	23,980	23,980	23,980
Retained surplus (accumulated deficit)	(215,565)	(277,307)	(320,482)	(361,168)	(398,869)
Total equity	80,349	61,833	49,001	37,744	33,166

*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(215,565)	23,980	271,934	80,349
Adjusted opening balance	(215,565)	23,980	271,934	80,349
Comprehensive income				
Surplus/(deficit) for the period	(61,742)	-	-	(61,742)
Total comprehensive income/(loss)	(61,742)	-	-	(61,742)
of which:				
Attributable to the Australian Government	(61,742)	-	-	(61,742)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	23,298	23,298
Departmental capital budget (DCB)	-	-	19,928	19,928
Sub-total transactions with owners	-	-	43,226	43,226
Estimated closing balance as at 30 June 2018	(277,307)	23,980	315,160	61,833
Closing balance attributable to the Australian Government	(277,307)	23,980	315,160	61,833

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	528,862	322,853	317,345	333,508	298,337
Sale of goods and rendering of services	45,837	38,000	38,000	38,000	38,000
Net GST received	3,325	5,349	4,747	-	-
Other	19,753	19,904	1,913	508	519
Total cash received	597,777	386,106	362,005	372,016	336,856
Cash used					
Employees	438,394	283,748	261,774	283,063	247,826
Suppliers	150,462	108,042	99,831	88,553	88,630
Other	500	500	500	500	500
Total cash used	589,356	392,290	362,105	372,116	336,956
Net cash from/(used by) operating activities	8,421	(6,184)	(100)	(100)	(100)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	100	100	100	100	100
Total cash received	100	100	100	100	100
Cash used					
Purchase of property, plant and equipment and intangibles	70,629	43,226	30,343	29,429	33,123
Total cash used	70,629	43,226	30,343	29,429	33,123
Net cash from/(used by) investing activities	(70,529)	(43,126)	(30,243)	(29,329)	(33,023)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	62,108	43,226	30,343	29,429	33,123
Total cash received	62,108	43,226	30,343	29,429	33,123
Net cash from/(used by) financing activities					
Net increase/(decrease) in cash held	-	(6,084)	-	-	-
Cash and cash equivalents at the beginning of the reporting period	9,684	9,684	3,600	3,600	9,534
Cash and cash equivalents at the end of the reporting period	9,684	3,600	3,600	3,600	9,534

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	20,402	19,928	19,801	20,647	20,255
Equity injections - Bill 2	41,706	23,298	10,542	8,782	12,868
Total new capital appropriations	62,108	43,226	30,343	29,429	33,123
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>62,108</i>	<i>43,226</i>	<i>30,343</i>	<i>29,429</i>	<i>33,123</i>
Total items	62,108	43,226	30,343	29,429	33,123
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	48,867	23,298	10,542	8,782	12,868
Funded by capital appropriation - DCB (b)	21,762	19,928	19,801	20,647	20,255
TOTAL	70,629	43,226	30,343	29,429	33,123

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

(b) Does not include annual finance lease costs. Include purchases from current and previous years' departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	103,475	281,144	384,619
Accumulated depreciation/ amortisation and impairment	(46,300)	(180,167)	(226,467)
Opening net book balance	57,175	100,977	158,152
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation equity (a)	4,512	18,786	23,298
By purchase - appropriation ordinary annual services (b)	7,355	12,573	19,928
Total additions	11,867	31,359	43,226
Other movements			
Depreciation/amortisation expense	(19,487)	(24,255)	(43,742)
Total other movements	(19,487)	(24,255)	(43,742)
As at 30 June 2018			
Gross book value	115,342	312,503	427,845
Accumulated depreciation/ amortisation and impairment	(65,787)	(204,422)	(270,209)
Closing net book balance	49,555	108,081	157,636

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2017-18.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OWN-SOURCE INCOME					
Non-taxation revenue					
Other revenue	-	1,431	1,458	1,488	1,517
Total non-taxation revenue	-	1,431	1,458	1,488	1,517
Total own-source revenue administered on behalf of Government	-	1,431	1,458	1,488	1,517
Total comprehensive income/(loss)	-	1,431	1,458	1,488	1,517

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	-	1,431	1,458	1,488	1,517
Total cash received	-	1,431	1,458	1,488	1,517
Net cash from/(used by) operating activities	-	1,431	1,458	1,488	1,517
Net increase/(decrease) in cash held	-	1,431	1,458	1,488	1,517
Cash to Official Public Account	-	(1,431)	(1,458)	(1,488)	(1,517)
Total cash to Official Public Account	-	(1,431)	(1,458)	(1,488)	(1,517)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

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AUSTRALIAN COMPETITION AND CONSUMER COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (CCA) and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

The Australian Energy Regulator (AER) regulates energy markets and networks under national legislation and rules. The AER has an independent Board.

The ACCC and AER share staff, resources and facilities.

The roles of the ACCC and AER should be seen in the context of the thinking that underpins National Competition Policy – that competition provides the best incentive for businesses to become more efficient, innovative and flexible and to operate in the long term interests of end users. Together the ACCC and AER champion strong, efficient and effective markets.

As Australia's peak consumer protection and competition agency, the ACCC has a number of enduring compliance and enforcement priorities: cartel conduct; anti-competitive agreements and practices; the misuse of market power; product safety issues which have the potential to cause serious harm to consumers; conduct that impacts vulnerable and disadvantaged consumers and work with Indigenous consumers living in remote areas.

This year the ACCC is prioritising compliance and enforcement work in the following areas:

- competition and consumer issues in the agriculture sector;
- competition issues in the commercial construction sector;
- consumer issues in private health insurance;
- consumer issues in new car retailing, including responses by retailers and manufacturers to consumer guarantee claims;
- issues arising from the ACCC's monitoring of broadband speed and performance claims;

- consumer guarantees, including in relation to services such as those provided by the airline industry;
- providing education to business and consumers in relation to new country of origin labelling laws;
- ensuring compliance by business with new excessive payment surcharge laws;
- consumer issues arising from commission based sales business models;
- working with internet platform providers to prevent the supply of unsafe products into Australia;
- ensuring small business receives the protections of:
 - industry codes of conduct, including the Franchising Code, the Food and Grocery Code and the Horticulture Code; and
 - the new unfair contract terms law.

While the ACCC will focus its current activities in these priority areas, it will continue to monitor compliance in areas previously identified as priorities and take action where necessary.

The ACCC uses priority factors to direct resources to the investigation and resolution of matters that provide the greatest overall benefit for competition and consumers.

The ACCC will continue to assess and review mergers to prevent structural changes that substantially lessen competition with a particular focus on concentrated markets and proposed acquisitions arising through privatisation of public sector assets.

The ACCC will continue to assess and make decisions about applications for authorisation and notification of certain anti-competitive conduct, evaluating if such arrangements or conduct may result in a net public benefit and warrant exemption from the CCA.

The ACCC is the national regulator of natural monopoly infrastructure facilities in communication, bulk water, post, petroleum, rail, ports, airports and transport industries (energy sector regulation is undertaken by the AER). Fostering efficient infrastructure provision through industry-specific regulation and access conditions – under the umbrella of the long term interest of end users – is the major focus of the economic regulatory role. Access conditions that promote competition in upstream and downstream markets can increase the efficiency and productivity of the overall economy.

The ACCC economic regulation priorities for 2017-18 include:

- undertaking access, pricing and regulatory coverage assessments across key infrastructure sectors;
- promoting competition and efficiency in sectors undergoing major reform and/or transitioning to new market structures, including communications and water markets;
- enforcing and promoting compliance with industry-specific compliance regimes in telecommunications and water;
- assessing the implications of emerging competition issues in communications markets through market studies; and
- advocating for appropriate regulation of monopoly infrastructure, including in areas where there are efficiency concerns independent of competition concerns.

In 2017-18 the ACCC will also focus on undertaking an increased number of prices inquiries, monitoring roles and industry analysis and reporting activities as directed by Government covering a broad range of sectors, including electricity, gas, petrol, airports, stevedoring, communications, dairy and private health insurance.

The AER has a diverse work program that is informed by the requirements of the energy market laws and rules. The energy laws' objective of promoting efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security guides the AER's priorities and work program.

For 2017-18, the AER's focus will include:

- providing independent, expert advice to inform energy policy development processes and working with the Council of Australian Governments Energy Council and other market institutions to support energy market reforms;
- delivering network regulation to promote efficient investment in energy network services that customers value, including through:
 - setting the revenues of significant electricity networks and gas pipelines in Australia;
 - contributing to the review of the Limited Merits Review regime and implementing associated changes to processes for setting network revenues;
 - progressing the implementation of network tariff and ring fencing reforms that will enable customers to get better value from their energy choices; and

- developing a new demand management incentive scheme and innovation allowance mechanism to encourage demand management activities that have the potential to reduce long term network costs.
- building consumer confidence in retail energy markets by:
 - providing clear and useful information about energy business performance, customer rights and protections;
 - actively promoting industry compliance with regulatory obligations and taking appropriate enforcement action;
 - applying flexible and adaptable regulatory processes that accommodate innovative products and services while maintaining appropriate consumer protections; and
 - helping consumers make informed choices through our price comparator website Energy Made Easy.
- promoting efficient wholesale energy markets by:
 - developing our approach to monitoring and reporting on the effectiveness of competition in the National Electricity Market, including a first report on any impact from the closure of the Hazelwood Power Station;
 - investigating, monitoring and reporting on activity in wholesale gas and electricity markets, including major incidents and high price events; and
 - promoting compliance with the gas and electricity market rules and taking enforcement action where necessary.

The ACCC and AER work directly and indirectly to achieve a shared outcome, outlined in section 2.1 below. Both will use strategic communication and undertake an active program of managed partnerships with other organisations to deliver outcomes that impact favourably on competition and consumer welfare.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Competition and Consumer Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	16,575	7,468
Departmental appropriation (b)	173,359	189,341
s 74 retained revenue receipts (c)	3,049	4,269
Departmental capital budget (d)	1,987	1,968
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available	15,596	11,398
Equity injection	1,400	1,100
<i>Total departmental annual appropriations</i>	<i>211,966</i>	<i>215,544</i>
Total departmental resourcing	211,966	215,544
Administered		
Special appropriations (f)	20	20
<i>Total administered special appropriations</i>	<i>20</i>	<i>20</i>
Total administered resourcing	20	20
Total resourcing for the ACCC	211,986	215,564
	<i>2016-17</i>	<i>2017-18</i>
Average staffing level (number)	769	792

Third party payments from and on behalf of the National Competition Council (NCC)

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Payments made on behalf of the NCC (as disclosed in the NCC's resource statement)	1,727	1,678
Receipts received from the NCC for the provision of services (disclosed above in s74 Retained revenue receipts section above)	775	850

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2017-18.

(b) Excludes departmental capital budget (DCB).

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as 'contributed equity'.

(e) Appropriation Bill (No.2) 2017-18.

(f) Relates to repayments not provided for under other appropriations through section 77 of the PGPA Act.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Competition and Consumer Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Revenue measures						
Strengthening Penalties under the Australian Consumer Law						
Administered revenues	1.1	-	-	*	*	*
Total revenue measures		-	-	*	*	*
Expense measures						
A More Accountable and Competitive Banking System - improving competition						
Departmental expenses	1.1	-	2,980	3,179	3,504	3,521
Australian Competition and Consumer Commission - monitoring of insurance premiums in northern Australia						
Departmental expenses	1.1	-	2,726	2,063	2,065	1,062
Broadband Performance Monitoring and Reporting Program - establishment						
Departmental expenses	1.1	-	1,997	1,684	1,642	1,651
Energy for the Future - Australian Competition and Consumer Commission - gas market monitoring						
Departmental expenses	1.1	-	2,175	2,289	2,092	-
Energy for the Future - Australian Competition and Consumer Commission - retail electricity prices inquiry						
Departmental expenses	1.1	-	7,917	-	-	-
Energy for the Future - Australian Energy Regulator - additional funding						
Departmental expenses	1.2	-	7,950	-	-	-
Major bank levy - introduction						
Department expenses	1.1	-	1,197	-	-	-
Total expense measures		-	26,942	9,215	9,303	6,234

Prepared on a Government Finance Statistics (fiscal) basis.

Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

* The nature of the measure is such that a reliable estimate cannot be provided.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australian Competition and Consumer Commission and Australian Energy Regulator can be found at: Corporate Plan.

The most recent annual performance statement can be found in the Annual Report at: Annual Performance Statement

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Competition and Consumer Commission					
Departmental expenses					
Departmental appropriations	132,595	148,994	138,247	135,205	132,292
Retained revenue receipts (a)	3,851	3,953	2,253	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	5,676	5,569	5,386	4,651	4,378
Departmental total	142,122	158,516	145,886	142,109	138,923
Total expenses for program 1.1	142,122	158,516	145,886	142,109	138,923
Program 1.2: Australian Energy Regulator					
Departmental expenses					
Departmental appropriation	40,764	40,347	32,195	32,225	32,380
Departmental total	40,764	40,347	32,195	32,225	32,380
Total expenses for program 1.2	40,764	40,347	32,195	32,225	32,380

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriation	173,359	189,341	170,442	167,430	164,672
s74 Retained revenue receipts (a)	3,851	3,953	2,253	2,253	2,253
Expenses not requiring appropriation in the Budget year (b)	5,676	5,569	5,386	4,651	4,378
Departmental total	182,886	198,863	178,081	174,334	171,303
Total expenses for Outcome 1	182,886	198,863	178,081	174,334	171,303
	2016-17	2017-18			
Average staffing level (number)	769	792			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1	
Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.	
Program 1.1 – Australian Competition and Consumer Commission.	
To achieve compliance with the <i>Competition and Consumer Act 2010</i> and other legislation to protect, strengthen and supplement the way competition works in Australian markets and industries to improve the efficiency of the economy and to increase the welfare of Australians.	
Delivery	<p>The ACCC achieves Outcome 1 by:</p> <ol style="list-style-type: none"> 1. Maintaining and promoting competition through: <ul style="list-style-type: none"> • delivering outcomes to address harm to consumers and businesses resulting from anti-competitive conduct; • assessing mergers to prevent structural changes that substantially lessen competition; • making decisions on authorisation, notification and certification trademark applications in the public interest; and • delivering outcomes arising from market studies in relation to specific priority areas. 2. Protecting the interests and safety of consumers, and supporting fair trading in markets affecting consumers and small business through: <ul style="list-style-type: none"> • delivering outcomes to address harm to consumers and small businesses resulting from non-compliance with the Australian Consumer Law; • enhancing the effectiveness of the ACCC’s compliance and enforcement initiatives through partnerships; • identifying and addressing the risk of serious injury and death from safety hazards in consumer products; • supporting a vibrant small business sector; and • empowering consumers by increasing their awareness of their rights under the Australian Consumer Law. 3. Promoting the economically efficient operation of, use of, and investment in infrastructure; and identifying market failure through: <ul style="list-style-type: none"> • delivering network regulation that promotes competition in the long-term interests of end-users; • providing industry monitoring reports to Government in relation to highly concentrated, newly deregulated or emerging markets; and • improving the efficient operation of markets by enforcing industry-specific competition and market rules.

Performance information		
Performance criteria	2016-17 targets	2017-18 and forward year targets
Number of competition enforcement interventions (court proceeding commenced, section 87B undertakings accepted)	Expect to achieve target of 8	8
Percentage of merger matters considered (under the informal merger review process) that were finalised by pre-assessment	Expect to exceed target of 80%	80%
Percentage of authorisation applications assessed within statutory timeframes	Expect to meet target of 100%	100%
Number of Australian Consumer Law enforcement interventions (court proceeding commenced, section 87B undertakings accepted, infringement notices issued)	Expect to achieve target of 40	40
Number of detailed assessments of emerging product safety hazards	On track to meet target of 40	20
Number of small business Infocentre contacts served	Expect to exceed target of 12,000	12,000
Number of Infocentre contacts served (includes Infocentre contacts served and webforms received)	Expect to meet target of 150,000	150,000
Number of major regulatory decisions	Expect to achieve target of 3	2
Number of annual monitoring reports	Expect to exceed target of 4 with 7 reports	6
Number of reports on monitoring of unleaded petroleum products	Expect to achieve target of 4	4
Purposes	The ACCC and the AER work in close coordination to achieve our common purpose: making markets work for consumers, now and in the future. The ACCC enforces the <i>Competition and Consumer Act 2010</i> and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.	

The above program is linked to the Department of Health (Program 5.1 – Protect the Health and Safety of the Community through Regulation) and the Department of Industry, Innovation and Science (Program 2 – Growing Business Investment and Improving Business Capability).

Outcome 1		
Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services.		
Program 1.2 - Australian Energy Regulator		
The AER's priorities and work program are guided by the objectives of national energy legislation and rules. The common objective through the legislation is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of end users of energy with respect to price, quality, safety, reliability and security of supply.		
Delivery	<p>The AER achieves Outcome 1 by:</p> <ul style="list-style-type: none"> • monitoring electricity and gas markets to ensure energy businesses comply with the legislation and rules, and taking enforcement action where necessary; • setting the prices charged for using energy networks (electricity poles and wires and gas pipelines) to transport energy to customers; • regulating retail energy markets in Queensland, New South Wales, South Australia, Tasmania (electricity only) and the Australian Capital Territory; • operating the Energy Made Easy website, which provides a retail price comparator and other information for energy consumers, and • publishing information on energy markets, including the annual State of the energy market report, to assist stakeholders and the wider community. 	
Performance information		
Performance criteria	2016-17 targets	2017-18 and forward year targets
Number of completed revenue decisions for electricity networks and gas pipelines	Will achieve target of 3	8 in 2017-18 9 in 2018-19 5 in 2019-20 8 in 2020-21
Number of annual benchmarking reports on electricity networks	Achieved target of 1	1
Percentage of disputes resolved within legislated timeframes, including on network access and connections, and regulatory investment tests	Expect to achieve target of 100%	100%
Number of electricity distribution annual pricing (tariff) proposals and annual gas tariff variations approved	Achieved target of 25 (14 for electricity and 11 for gas)	25

Performance criteria		2016-17 targets	2017-18 and forward year targets
Number of annual reports on compliance in, and performance of, retail energy markets		Achieved target of 2	2
Percentage of authorisation and exemption applications to sell energy assessed within 12 weeks of receiving required information		Unlikely to achieve target of 100%	100%
Percentage of new and amended retailer hardship policies assessed within 12 weeks of receiving required information		Expect to achieve target of 100%	100%
Percentage of offers published on the AER's Energy Made Easy price comparator website within two business days of receipt from retailers		Will achieve target of 100%	100%
Number of targeted reviews of compliance with the national energy rules		Achieved target of 4	4
Number of quarterly reports on compliance in wholesale electricity and gas markets		Expect to achieve target of 4	4
Number of audits completed of systems for energy businesses that are critical to market efficiency and energy security		Expect to achieve target of 2	2
Percentage of reports on wholesale electricity market high price events and significant price variations in spot gas markets activity published within statutory timeframes		Will not achieve target of 100%	100%
Number of reports on effective competition in the wholesale electricity market		Not relevant for 2016-17 as new AER function	1
Purposes	The AER regulates energy markets and networks under national legislation and rules, which aim to promote efficient investment in, and operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply.		

The above program is linked to the Department of the Environment and Energy (Program 5.1 – Energy).

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Accounting policy

The budgeted financial statements have been prepared on an accrual accounting basis having regard to statements of accounting concepts, and in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

Departmental Comprehensive income statement

The ACCC is budgeting to break even for 2017-18 and each of the forward estimates.

Operating revenues

Total appropriation revenue for 2017-18 is estimated to be \$189.3 million. This has increased from \$162.2 million as reported in the *2016-17 Portfolio Additional Estimates* Statements. The increase is due to additional funding received for several new policy proposals. Refer to Table 1.2 for funding details.

Operating expenses

Total expenses in 2017-18 are estimated to be \$198.9 million. This has increased from \$171.8 million as reported in the *2016-17 Portfolio Additional Estimates* Statements. The increase is largely due to expenditure from new policy proposals as summarised in Table 1.2.

Departmental Balance Sheet

Financial assets

The primary financial asset relates to receivables. Financial assets are used to fund the ACCC's capital program, employee entitlements, creditors and to provide working capital.

Non-financial assets

These items represent future benefits that the ACCC will consume in producing outputs. The reported value represents the purchase price paid less depreciation incurred to date in using the asset.

Departmental liabilities — provisions and payables

Provisions and payables include:

- employee entitlements arising from services rendered by employees. The liability includes unpaid annual leave and long service leave;
- rent straight-line adjustments and lease incentives;
- make good liability for leased accommodation; and
- unpaid expenses as at balance date.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	102,604	108,456	102,182	100,210	97,985
Suppliers	72,752	84,886	70,558	69,534	68,999
Depreciation and amortisation	5,582	5,475	5,292	4,557	4,284
Finance costs	46	46	49	33	35
Other	1,902	-	-	-	-
Total expenses	182,886	198,863	178,081	174,334	171,303
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3,851	3,953	2,253	2,253	2,253
Total own-source revenue	3,851	3,953	2,253	2,253	2,253
Gains					
Other	94	94	94	94	94
Total gains	94	94	94	94	94
Total own-source income	3,945	4,047	2,347	2,347	2,347
Net (cost of)/contribution by services	(178,941)	(194,816)	(175,734)	(171,987)	(168,956)
Revenue from Government	173,359	189,341	170,442	167,430	164,672
Surplus/(deficit) attributable to the Australian Government	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)
Total comprehensive income/(loss) attributable to the Australian Government	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	5,582	5,475	5,292	4,557	4,284
Total comprehensive income/(loss) - as per the statement of comprehensive income	(5,582)	(5,475)	(5,292)	(4,557)	(4,284)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Appropriation Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,000	2,000	2,000	2,000	2,000
Trade and other receivables	30,536	27,704	24,919	22,078	20,145
Total financial assets	32,536	29,704	26,919	24,078	22,145
Non-financial assets					
Land and buildings	8,183	12,278	10,084	8,209	6,452
Property, plant and equipment	3,698	3,583	3,353	3,961	4,666
Intangibles	3,346	2,759	2,446	1,714	1,049
Other non-financial assets	1,511	1,511	1,511	1,511	1,511
Total non-financial assets	16,738	20,131	17,394	15,395	13,678
Total assets	49,274	49,835	44,313	39,473	35,823
LIABILITIES					
Payables					
Suppliers	7,785	7,041	7,172	7,169	7,313
Other payables	12,198	19,114	17,125	14,863	12,679
Total payables	19,983	26,155	24,297	22,032	19,992
Provisions					
Employee provisions	30,542	29,141	28,065	27,339	27,296
Other provisions	5,674	3,871	3,520	3,170	2,820
Total provisions	36,216	33,012	31,585	30,509	30,116
Total liabilities	56,199	59,167	55,882	52,541	50,108
Net assets	(6,925)	(9,332)	(11,569)	(13,068)	(14,285)
EQUITY*					
Contributed equity	75,011	78,079	81,134	84,192	87,259
Reserves	3,919	3,919	3,919	3,919	3,919
Retained surplus (accumulated deficit)	(85,855)	(91,330)	(96,622)	(101,179)	(105,463)
Total equity	(6,925)	(9,332)	(11,569)	(13,068)	(14,285)

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	(85,855)	3,919		75,011	(6,925)
Adjusted opening balance	(85,855)	3,919	-	75,011	(6,925)
Comprehensive income					
Surplus/(deficit) for the period	(5,475)	-	-	-	(5,475)
Total comprehensive income	(5,475)	-	-	-	(5,475)
Transactions with owners					
Contributions by owners					
Equity injection - Appropriation				1,100	1,100
Departmental capital budget (DCB)				1,968	1,968
Sub-total transactions with owners	-	-	-	3,068	3,068
Estimated closing balance as at 30 June 2018	(91,330)	3,919	-	78,079	(9,332)
Closing balance attributable to the Australian Government	(91,330)	3,919	-	78,079	(9,332)

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	179,858	196,479	175,665	172,708	169,042
Sale of goods and rendering of services	3,049	4,269	2,442	2,488	2,438
Net GST received	7,017	6,127	6,494	6,408	6,454
Total cash received	189,924	206,875	184,601	181,604	177,934
Cash used					
Employees	105,039	109,868	103,283	100,949	98,030
Suppliers	75,777	91,829	79,376	78,667	77,966
s74 Retained revenue receipts transferred to OPA	3,049	4,269	2,442	2,488	2,438
Other	5,848	-	-	-	-
Total cash used	189,713	205,966	185,101	182,104	178,434
Net cash from/(used by) operating activities	211	909	(500)	(500)	(500)
INVESTING ACTIVITIES					
Cash received					
Other	-	6,300	-	-	-
Total cash received	-	6,300	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	2,887	8,868	2,555	2,558	2,567
Other	-	1,409	-	-	-
Total cash used	2,887	10,277	2,555	2,558	2,567
Net cash from/(used by) investing activities	(2,887)	(3,977)	(2,555)	(2,558)	(2,567)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	3,387	3,068	3,055	3,058	3,067
Total cash received	3,387	3,068	3,055	3,058	3,067
Net cash from/(used by) financing activities	3,387	3,068	3,055	3,058	3,067
Net increase/(decrease) in cash held	711	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,289	2,000	2,000	2,000	2,000
Cash and cash equivalents at the end of the reporting period	2,000	2,000	2,000	2,000	2,000

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,987	1,968	1,955	1,958	1,967
Equity injections - Bill 2	1,400	1,100	1,100	1,100	1,100
Total new capital appropriations	3,387	3,068	3,055	3,058	3,067
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	2,887	2,568	2,555	2,558	2,567
<i>Other Items</i>	500	500	500	500	500
Total items	3,387	3,068	3,055	3,058	3,067
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	900	600	600	600	600
Funded by capital appropriation - DCB (b)	1,987	1,968	1,955	1,958	1,967
Funded internally from departmental resources (c)	-	6,300	-	-	-
TOTAL	2,887	8,868	2,555	2,558	2,567
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,887	8,868	2,555	2,558	2,567
Total cash used to acquire assets	2,887	8,868	2,555	2,558	2,567

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(c) Includes assets funded by a lease incentive from a new accommodation lease.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	13,304	6,651	13,977	33,932
Accumulated depreciation/ amortisation and impairment	(5,121)	(2,953)	(10,631)	(18,705)
Opening net book balance	8,183	3,698	3,346	15,227
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	-	600	600
By purchase - appropriation ordinary annual services (b)	168	1,370	430	1,968
By purchase - other (c)	6,300	-	-	6,300
Total additions	6,468	1,370	1,030	8,868
Other movements				
Depreciation/amortisation expense	(2,373)	(1,485)	(1,617)	(5,475)
As at 30 June 2018				
Gross book value	19,772	8,021	15,007	48,275
Accumulated depreciation/ amortisation and impairment	(7,494)	(4,438)	(12,248)	(24,180)
Closing net book balance	12,278	3,583	2,759	24,095

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2017-18, including CDABs.

(b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

(c) Includes assets funded by a lease incentive from a new accommodation lease.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	40,000	40,000	40,000	40,000	40,000
Total non-taxation revenue	40,000	40,000	40,000	40,000	40,000
Total own-source revenue administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Total own-sourced income administered on behalf of Government	40,000	40,000	40,000	40,000	40,000
Net (cost of)/contribution by services	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Surplus/(deficit)	40,000	40,000	40,000	40,000	40,000

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1	1	1	1	1
Trade and other receivables	7,682	7,682	7,682	7,682	7,682
Total financial assets	7,683	7,683	7,683	7,683	7,683
Total assets administered on behalf of Government	7,683	7,683	7,683	7,683	7,683
Net assets/(liabilities)	7,683	7,683	7,683	7,683	7,683

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	40,000	40,000	40,000	40,000	40,000
Total cash received	40,000	40,000	40,000	40,000	40,000
Net cash from/(used by) operating activities	40,000	40,000	40,000	40,000	40,000
Net increase/(decrease) in cash held	40,000	40,000	40,000	40,000	40,000
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Transfers to other entities (Finance - Whole of Government)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Total cash to Official Public Account	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

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AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Office of Financial Management (AOFM) is responsible for the management of Australian Government debt and certain financial assets. It issues Treasury Bonds, Treasury Indexed Bonds and Treasury Notes, manages the Government's cash balances and invests from time to time in high quality financial assets including term deposits and investment grade fixed interest investments.

The AOFM aims to meet the Government's financing needs in a cost effective manner subject to acceptable risk and to meet the Government's policy objectives of maintaining liquid and efficient Treasury Bond and Treasury Bond futures markets. Treasury Bonds are the main issuance instrument used by the AOFM to meet the Australian Government's financing needs and to support bond markets.

The AOFM primarily manages the cost structure of the debt portfolio through the choice of Treasury Bond series in issuing debt. The annual debt issuance strategy is informed by qualitative and quantitative factors to achieve an interest rate profile that appropriately balances cost and cost variability, investor demand, the refinancing task and financial market efficiency. In recent years the AOFM has lengthened the duration of its Treasury Bond portfolio through longer term issuance and by extending the yield curve as a means of reducing risk. The Treasury Bond yield curve extends to 30 years currently (an extension of 18 years since 2011). The AOFM will continue to look for opportunities to consolidate its issuance at the longer end of the yield curve. In addition, as a means of further reducing refinancing risk in future years and to improve market efficiency, the AOFM conducts regular buy backs of Treasury Bonds maturing within three years.

The use of Treasury Indexed Bonds facilitates diversification of the investor base by tapping into additional sources of investor demand. The development of this market has also, at times, been used to facilitate development of the Treasury Bond market.

In managing the Government's cash balances, the AOFM aims to ensure that the Government is able to meet its financial obligations when they fall due, while seeking to minimise the net cost of funding. The issue of Treasury Notes is used to manage cash flow variability arising from the Government's within year financing task, while investment in financial assets helps to defray the cost of this task.

The AOFM manages the Government's holdings of highly rated residential mortgage-backed securities (RMBS). The Treasurer has issued a direction for the RMBS holdings to be gradually divested, subject to market conditions.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: AOFM resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services		
Prior year appropriations available	31,631	30,498
Departmental appropriation (a)(b)	11,198	10,867
s 74 retained revenue receipts (c)	350	361
Departmental capital budget (a)(d)	720	713
Annual appropriations - other services - non-operating		
Equity injection	150	-
<i>Total departmental annual appropriations</i>	<i>44,049</i>	<i>42,439</i>
Total departmental resourcing	44,049	42,439
Administered		
Annual appropriations - ordinary annual services (a)	10	10
Prior year appropriations available	-	-
<i>Total administered annual appropriations</i>	<i>10</i>	<i>10</i>
Special appropriation	16,027,399	17,153,856
Special capital appropriation	538,204,655	493,028,196
<i>Total administered special appropriations (e)</i>	<i>554,232,054</i>	<i>510,182,052</i>
Special accounts		
Opening balance	1,036	1,036
Appropriation receipts	-	-
Non-appropriation receipts	-	-
<i>Total special account receipts</i>	<i>1,036</i>	<i>1,036</i>
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>-</i>	<i>-</i>
Total administered resourcing	554,233,100	510,183,098
Total resourcing for AOFM	554,277,149	510,225,537
	2016-17	2017-18
Average staffing level (number)	36	40

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2017-18.

(b) Excludes departmental capital budget (DCB).

(c) Estimated retained revenue receipts under s 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) See Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

The AOFM has no budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for AOFM can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: the advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Office of Financial Management					
Administered expenses					
Appropriation Bill No. 1	10	10	10	10	10
Special appropriations:					
<i>Commonwealth Inscribed Stock Act 1911</i>	16,026,968	17,153,855	18,090,341	18,701,552	18,761,020
<i>Financial Agreement Act 1994</i>	20	1	1	1	1
<i>Loans Securities Act 1919</i>	411	-	-	-	-
Special accounts:					
<i>Debt Retirement Reserve Trust Account</i>	-	-	-	-	-
Expenses not requiring appropriation in the Budget year (a)	405,839	468,522	427,252	440,041	437,057
Administered total	16,433,248	17,622,388	18,517,604	19,141,604	19,198,088
Departmental expenses					
Appropriation Bill No. 1	10,393	10,867	10,822	10,874	10,959
s 74 Retained revenue receipts (b)	350	361	371	382	394
Expenses not requiring appropriation in the Budget year (a)	570	720	820	870	870
Departmental total	11,313	11,948	12,013	12,126	12,223
Total expenses for Outcome 1	16,444,561	17,634,336	18,529,617	19,153,730	19,210,311
	2016-17	2017-18			
Average staffing level (number)	36	40			

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and audit fees for departmental activities, and accounting losses on debt redeemed prior maturity for administered activities.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

Table 2.2 Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1	
The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government.	
Program 1.1 – Australian Office of Financial Management	
Delivery	The AOFM is responsible for managing the Commonwealth debt, cash and other asset portfolios on behalf of the Australian Government. The AOFM aims to manage these portfolios with a view to balance cost and risk, over the medium term.
Performance information	
Performance criteria	2016-17 and forward year targets
Meet the budget financing task in a cost-effective manner subject to acceptable risk	
Shortfall in volume (\$) between actual issuance and planned issuance announced at the Budget and subsequent releases.	Zero.
Compare costs of funds (total accrual costs as a percentage of the average stock of debt) with the cash rate and the average 10-year bond rate.	Monitor trend with reference to the benchmark.
Facilitate the Government’s cash outlay requirements as and when they fall due	
Number of business day usage of the overdraft facility.	Zero.
A credible custodian of the Australian Government Securities market and other portfolio responsibilities	
Number of times the AOFM failed to take actions consistent with public announcements.	Zero.
Purposes	The AOFM’s purpose is articulated through its objectives, which are to: <ul style="list-style-type: none"> • meet the budget financing task in a cost effective manner subject to acceptable risk; • facilitate the Government’s cash outlay requirements as and when they fall due; and • be a credible custodian of the Australian Government Securities market and other portfolio responsibilities.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

Departmental

Sales of goods and services revenue as recorded in the comprehensive income statement (Table 3.1) includes resources received free of charge from the Australian National Audit Office for audit services. Departmental entity receipts as recorded in the entity resource statement (Table 1.1) exclude the estimated value of these services received free of charge.

Administered

The AOFM receives administered appropriations for expenses and for capital expenditure arising from managing a portfolio of debt and assets. This is reflected in the entity resource statement (Table 1.1). The administered financial statements identify expenses in the schedule of budgeted administered income and expenses (Table 3.7), and capital expenditure in the administered capital budget statement (Table 3.10).

3.1.2 Explanatory notes and analysis of budgeted financial statements

Administered

The AOFM produces budget estimates of Australian Government Securities (AGS) debt and certain financial assets. The projections of AGS debt are a consequence of the expenditure, investment and revenue decisions and assumptions made by the Government in producing its estimates. Annual debt servicing costs on AGS debt are largely determined after taking into account changes in the volume of AGS debt over the projection period, yields on existing debt and assumptions about yields on new debt issuance over the projection period.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	6,287	6,476	6,669	6,867	7,074
Suppliers	4,776	5,072	4,844	4,709	4,599
Depreciation and amortisation	250	400	500	550	550
Total expenses	11,313	11,948	12,013	12,126	12,223
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	350	361	371	382	394
Resources received free of charge	320	320	320	320	320
Total own-source income	670	681	691	702	714
Net (cost of)/contribution by services	(10,643)	(11,267)	(11,322)	(11,424)	(11,509)
Revenue from Government	11,198	10,867	10,822	10,874	10,959
Surplus/(deficit) attributable to the Australian Government	555	(400)	(500)	(550)	(550)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	555	(400)	(500)	(550)	(550)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	805	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	250	400	500	550	550
Total comprehensive income/(loss) - as per the statement of comprehensive income	555	(400)	(500)	(550)	(550)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	100	100	100	100	100
Trade and other receivables	30,502	30,545	30,589	30,632	30,677
Total financial assets	30,602	30,645	30,689	30,732	30,777
Non-financial assets					
Property, plant and equipment	2,494	2,507	2,517	2,528	2,545
Intangibles	1,422	1,722	1,922	2,072	2,222
Other non-financial assets	107	107	107	107	107
Total non-financial assets	4,023	4,336	4,546	4,707	4,874
Total assets	34,625	34,981	35,235	35,439	35,651
LIABILITIES					
Payables					
Suppliers	124	124	124	124	124
Other payables	6	6	6	6	6
Total payables	130	130	130	130	130
Provisions					
Employee provisions	2,175	2,218	2,262	2,305	2,350
Other provisions	160	160	160	160	160
Total provisions	2,335	2,378	2,422	2,465	2,510
Total liabilities	2,465	2,508	2,552	2,595	2,640
Net assets	32,160	32,473	32,683	32,844	33,011
EQUITY*					
Parent entity interest					
Contributed equity	3,561	4,274	4,984	5,695	6,412
Retained surplus (accumulated deficit)	28,599	28,199	27,699	27,149	26,599
Total equity	32,160	32,473	32,683	32,844	33,011

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	28,599	-	-	3,561	32,160
Opening balance	28,599	-	-	3,561	32,160
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(400)				(400)
Total comprehensive income	(400)	-	-	-	(400)
Transactions with owners					
Distributions to owners					
Returns of capital:					
Distribution of equity	-	-	-	-	-
Contributions by owners					
Departmental Capital Budget (DCB)				713	713
Sub-total transactions with owners	-	-	-	713	713
Estimated closing balance as at 30 June 2018	28,199	-	-	4,274	32,473

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	12,681	11,185	11,149	11,214	11,308
Sale of goods and rendering of services	350	361	371	382	394
Total cash received	13,031	11,546	11,520	11,596	11,702
Cash used					
Employees	6,245	6,433	6,625	6,824	7,029
Suppliers	4,456	4,752	4,524	4,389	4,279
s74 Retained revenue receipts transferred to OPA	350	361	371	383	394
Total cash used	11,051	11,546	11,520	11,596	11,702
Net cash from/(used by) operating activities	1,980	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	2,850	713	710	711	717
Total cash used	2,850	713	710	711	717
Net cash from/(used by) investing activities	(2,850)	(713)	(710)	(711)	(717)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	870	713	710	711	717
Total cash received	870	713	710	711	717
Net cash from/(used by) financing activities	870	713	710	711	717
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	100	100	100	100	100
Cash and cash equivalents at the end of the reporting period	100	100	100	100	100

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	720	713	710	711	717
Equity injections - Bill 2	150	-	-	-	-
Total new capital appropriations	870	713	710	711	717
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>2,850</i>	<i>713</i>	<i>710</i>	<i>711</i>	<i>717</i>
Total items	2,850	713	710	711	717
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	150	-	-	-	-
Funded by capital appropriation - DCB (b)	720	713	710	711	717
Funded internally from departmental resources (c)	1,980	-	-	-	-
TOTAL	2,850	713	710	711	717

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets (DCBs).

(c) Sources of funding are current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	4,048	1,969	6,017
Accumulated depreciation/ amortisation and impairment	(1,554)	(547)	(2,101)
Opening net book balance	2,494	1,422	3,916
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	213	500	713
Total additions	213	500	713
Other movements			
Depreciation/amortisation expense	(200)	(200)	(400)
Total other movements	(200)	(200)	(400)
As at 30 June 2018			
Gross book value	4,261	2,469	6,730
Accumulated depreciation/ amortisation and impairment	(1,754)	(747)	(2,501)
Closing net book balance	2,507	1,722	4,229

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Grants	20	1	1	1	1
Interest costs	15,977,541	17,130,303	18,066,789	18,678,000	18,737,468
Other expenses	50,000	23,562	23,562	23,562	23,562
Total expenses	16,027,561	17,153,866	18,090,352	18,701,563	18,761,031
LESS:					
INCOME					
Non-taxation revenue					
Interest	716,705	655,565	629,402	625,088	625,011
Total non-taxation revenue	716,705	655,565	629,402	625,088	625,011
Total revenue	716,705	655,565	629,402	625,088	625,011
Gains					
Net (loss) on debt repurchase	(405,687)	(468,522)	(427,252)	(440,041)	(437,057)
Total gains (losses)	(405,687)	(468,522)	(427,252)	(440,041)	(437,057)
Operating result before re-measurements	(15,716,543)	(16,966,823)	(17,888,202)	(18,516,516)	(18,573,077)
Re-measurements					
Net market revaluation gains (losses)	19,605,415	1,831,430	1,557,466	1,256,281	777,403
Total re-measurements	19,605,415	1,831,430	1,557,466	1,256,281	777,403
Surplus attributed to the Australian Government	3,888,872	(15,135,393)	(16,330,736)	(17,260,235)	(17,795,674)

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	622	622	622	622	622
Receivables	1,871,790	1,792,311	1,710,578	1,627,028	1,541,667
Investments (a)	56,161,923	40,626,605	43,016,183	38,699,804	39,021,775
Total financial assets	58,034,335	42,419,538	44,727,383	40,327,454	40,564,064
Total assets administered on behalf of Government	58,034,335	42,419,538	44,727,383	40,327,454	40,564,064
LIABILITIES					
Interest bearing liabilities (a)					
Treasury Bonds	498,513,577	530,192,109	567,679,046	584,728,841	584,135,614
Treasury Indexed Bonds	44,896,293	48,865,640	51,517,563	56,753,884	52,051,147
Treasury Notes	3,498,707	5,498,195	5,497,745	5,497,745	5,497,745
Other securities	6,359	6,359	6,359	6,359	6,359
Total interest bearing liabilities	546,914,936	584,562,303	624,700,713	646,986,829	641,690,865
Total liabilities administered on behalf of Government	546,914,936	584,562,303	624,700,713	646,986,829	641,690,865
Net liabilities	(488,880,601)	(542,142,765)	(579,973,330)	(606,659,375)	(601,126,801)

(a) Measured at fair value.

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	705,991	647,104	609,703	611,568	609,839
Total cash received	705,991	647,104	609,703	611,568	609,839
Cash used					
Grant	20	1	1	1	1
Borrowing costs	18,186,478	19,648,112	20,270,389	20,828,387	23,420,219
Total cash used	18,186,498	19,648,113	20,270,390	20,828,388	23,420,220
Net cash used by operating activities	(17,480,507)	(19,001,009)	(19,660,687)	(20,216,820)	(22,810,381)
INVESTING ACTIVITIES					
Cash received					
Repayments of advances and loans	101,676	95,937	97,813	99,219	100,584
Investments	469,326,800	406,786,347	396,643,456	411,309,417	421,916,588
Total cash received	469,428,476	406,882,284	396,741,269	411,408,636	422,017,172
Cash used					
Investments	493,750,540	391,259,907	399,029,950	406,995,579	422,238,775
Total cash used	493,750,540	391,259,907	399,029,950	406,995,579	422,238,775
Net cash from/(used by) investing activities	(24,322,064)	15,622,377	(2,288,681)	4,413,057	(221,603)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowings	129,299,597	142,997,659	154,982,904	144,546,675	134,310,170
Total cash received	129,299,597	142,997,659	154,982,904	144,546,675	134,310,170
Cash used					
Repayment of borrowings	44,390,507	101,492,257	111,533,707	119,317,101	134,606,436
Total cash used	44,390,507	101,492,257	111,533,707	119,317,101	134,606,436
Net cash from financing activities	84,909,090	41,505,402	43,449,197	25,229,574	(296,266)

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June) (continued)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Net increase in cash held	43,106,519	38,126,770	21,499,829	9,425,811	(23,328,250)
Cash and cash equivalents at beginning of reporting period	622	622	622	622	622
Cash from Official Public Account for: - Appropriations	557,072,178	513,037,493	531,477,194	547,678,693	580,747,264
Total cash from Official Public Account	557,072,178	513,037,493	531,477,194	547,678,693	580,747,264
Cash to Official Public Account for: - Appropriations	(600,178,697)	(551,164,263)	(552,977,023)	(557,104,504)	(557,419,014)
Total cash to Official Public Account	(600,178,697)	(551,164,263)	(552,977,023)	(557,104,504)	(557,419,014)
Cash and cash equivalents at end of reporting period	622	622	622	622	622

Prepared on Australian Accounting Standards basis.

Table 3.10: Administered capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Special capital appropriation	538,204,655	493,028,196	510,678,378	526,433,412	556,970,790
Total new capital appropriations	538,204,655	493,028,196	510,678,378	526,433,412	556,970,790
Provided for:					
<i>Repayment of borrowings and purchases of investments</i>	538,204,655	493,028,196	510,678,378	526,433,412	556,970,790
Total items	538,204,655	493,028,196	510,678,378	526,433,412	556,970,790

Prepared on Australian Accounting Standards basis.

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Prudential Regulation Authority (APRA) is to regulate relevant financial institutions in accordance with the laws of the Commonwealth that provide for prudential regulation or retirement income standards. In performing and exercising its functions, APRA is to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, and, in balancing these objectives, is to promote financial system stability in Australia.

APRA's core mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions APRA supervises are met within a stable, efficient and competitive financial system. APRA also administers the Financial Claims Scheme and, as a national statistical agency for the Australian financial sector, collects and publishes data from prudentially regulated and other financial institutions.

In undertaking its core mission, APRA places a strong emphasis on an active program of prudential supervision. APRA's supervisory approach is based on the fundamental premise that the primary responsibility for financial soundness and prudent risk management within an APRA-regulated institution rests with its board of directors and senior management. APRA's role is to promote prudent behaviour by institutions through a robust prudential framework of legislation, prudential standards and prudential guidance, which aims to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and well-managed.

APRA takes a risk-based approach to supervision that is designed to identify and assess those areas of greatest risk to an APRA-regulated institution (or to the financial system as a whole) and then direct supervisory resources and attention to these risks. APRA seeks to ensure that its supervisory judgments are accurate, timely and robust and that its responses are targeted and proportionate.

In doing so, APRA does not pursue a zero failure objective. Rather, APRA seeks to maintain a low incidence of failure of APRA-regulated institutions while not impeding continued improvement in efficiency or hindering competition. APRA cannot eliminate the risk that any institution might fail and it recognises that attempting to do so would impose an unnecessary burden on institutions and the financial system. APRA's objective is to identify likely failure of an APRA-regulated institution early enough so that corrective action can be promptly initiated or orderly exit achieved.

APRA's integrated structure and risk-based supervisory approach enable it to deal efficiently and effectively with the evolution of the financial sector, and the wide range of financial institutions within it.

The global financial crisis provided a searching test of Australia's prudential regime and financial stability arrangements, the strength of which have been widely accepted as an important contributing factor to Australia's continued economic and financial stability through the crisis. Strong and safe financial institutions that will meet their financial promises under all reasonable circumstances, and a stable financial system, are fundamental for fostering growth and sustainable competition.

Each year, APRA considers opportunities to strengthen its core functions and capabilities. APRA's 2017-18 strategic initiatives provide the areas of focus over the medium term:

- enhancing leadership, culture and opportunities for APRA's people;
- honing organisational effectiveness;
- sharpening risk-based supervision; and
- building recovery and resolution planning capability.

Successful delivery of these initiatives will support the effective delivery of APRA's mission.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated</i> <i>actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Departmental appropriation	1,543	731
s74 retained revenue receipts (b)	5,205	5,695
<i>Total departmental annual appropriations</i>	<i>6,748</i>	<i>6,426</i>
Special accounts		
Opening balance (c)	59,230	79,140
Appropriation receipts (d)	6,748	6,426
Non-appropriation receipts to Special Accounts	122,306	137,058
<i>Total special accounts</i>	<i>188,284</i>	<i>222,624</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>6,748</i>	<i>6,426</i>
Total departmental resourcing	188,284	222,624
Administered		
Special accounts		
Opening balance (c)	2,835	835
Non-appropriation receipts to Special Accounts (e)	532,737	572,162
<i>Total special account receipts</i>	<i>535,572</i>	<i>572,997</i>
Total administered resourcing	535,572	572,997
Total resourcing for APRA	723,856	795,621
	2016-17	2017-18
Average staffing level (number)	611	626
Third party payments from and on behalf of other entities		
	2016-17 <i>Estimated</i> <i>actual</i> \$'000	2017-18 Estimate \$'000
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	1,430	1,695

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

(b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes 'Special Public Money'. For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 — Agency Resourcing*. Please also see section 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

(d) Appropriation receipts from the Reserve Bank of Australia, the Australian Bureau of Statistics, the Australian Taxation Office, the Department of Agriculture and Water Resources, and special appropriations included above.

(e) Includes Private Health Insurance Industry risk equalisation receipts which are redistributed to industry, of \$535.6 million in 2016-17 and \$573.0 million in 2017-18.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to APRA are detailed in *Budget Paper No. 2* and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Revenue measures						
A More Accountable and Competitive Banking System - improving accountability						
Administered revenues	1.1	-	1,397	2,408	2,212	2,218
A More Accountable and Competitive Banking System - improving competition						
Administered revenues	1.1	-	2,980	3,179	3,504	3,521
A More Accountable and Competitive Banking System - improving external dispute resolution (a)						
Administered revenues	1.1	-	(2,014)	-	-	(5,200)
A More Accountable and Competitive Banking System - modernising powers to address systemic risks (b)						
Administered revenues	1.1	-	-	629	629	632
A More Accountable and Competitive Banking System - supporting an efficient financial system						
Administered revenues	1.1	-	4,685	8,719	6,874	6,561
Total revenue measures		-	7,048	14,935	13,219	7,732
Expense measures						
A More Accountable and Competitive Banking System - improving accountability						
Departmental expenses	1.1	-	397	1,408	1,212	1,218
Australian Prudential Regulation Authority - modernising powers to address systemic risks						
Departmental expenses (b)	1.1	-	731	629	629	632
Australian Prudential Regulation Authority - supporting an efficient financial system						
Departmental expenses	1.1	-	4,685	8,679	6,794	6,056
Total expense measures		-	5,813	10,716	8,635	7,906

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	
Capital measures						
Australian Prudential Regulation Authority - supporting an efficient financial system						
Departmental capital	1.1	-	200	200	1,940	-
Total capital measures		-	200	200	1,940	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

(a) The lead entity for measure 'A More Accountable and Competitive Banking Industry — improving external dispute resolution' is the Australian Securities and Investments Commission. The full measure description and package details appear in Budget Paper No. 2.

(b) 2017-18 expenses \$0.7 million are funded by an increase in *Appropriation Bill (No. 1) 2017-18*.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for APRA can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Report](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:	
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 and, in balancing these objectives, promotes financial system stability in Australia	
New Outcome 1	<i>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 and, in balancing these objectives, promotes financial system stability in Australia</i>
Description of Improvement to alignment of outcome statement with Section 8(2) of the <i>Australian Prudential Regulation Authority Act 1998</i> (APRA Act). No underlying change to APRA's overall mandate.	
Old Statement: 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	

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australia Prudential Regulation Authority					
Administered expenses					
Special accounts (a)	532,737	572,162	613,038	655,364	700,613
Administered total	532,737	572,162	613,038	655,364	700,613
Departmental expenses					
Special accounts	125,162	135,198	137,003	135,945	132,398
Ordinary annual services (Appropriation Bill No. 1)	1,543	731	-	-	3,708
s74 Retained revenue receipts (b)	5,009	5,499	5,503	5,277	5,277
Expenses not requiring appropriation in the Budget year (c)	196	196	196	196	196
Departmental total	131,910	141,624	142,702	141,418	141,579
Total expenses for program 1.1	664,647	713,786	755,740	796,782	842,192
Outcome 1 Totals by appropriation type					
Administered expenses					
Special accounts (a)	532,737	572,162	613,038	655,364	700,613
Administered total	532,737	572,162	613,038	655,364	700,613
Departmental expenses					
Special accounts	125,162	135,198	137,003	135,945	132,398
Departmental appropriation	6,552	6,230	5,503	5,277	8,985
Expenses not requiring appropriation in the Budget year (c)	196	196	196	196	196
Departmental total	131,910	141,624	142,702	141,418	141,579
Total expenses for Outcome 1	664,647	713,786	755,740	796,782	842,192

	2016-17	2017-18
Average staffing level (number)	611	626

(a) Private Health Insurance Industry risk equalisation payments.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(c) Expenses not requiring appropriation in the budget year are made up of ANAO audit services that are received free of charge, however the expense is recognised along with an equal and offsetting income stream.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1		
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 and, in balancing these objectives, promotes financial system stability in Australia		
Program 1.1		
To enhance public confidence in Australia's financial institutions through establishing and enforcing prudential standards and practice that balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia		
Delivery	Maintain a robust prudential framework that sets requirements for prudent behaviour at regulated institutions and actively supervise regulated institutions with the aim of mitigating financial loss by depositors, policyholders and superannuation fund members that may result from the failure of a regulated institution to adequately manage risk.	
Performance information		
Year	Performance criteria	Targets
2016-17	<p>Criteria for assessing performance in 2016-17:</p> <ul style="list-style-type: none"> The Performing Entity Ratio (PER) — the PER is an indicator of the incidence of failure amongst regulated institutions. It is determined as the number of regulated institutions that met their commitments to beneficiaries in a given year divided by the total number of regulated institutions. The higher the percentage, the lower the incidence of failure. The Money Protection Ratio (MPR) — the MPR is an indicator of the incidence of loss in the financial sector. It is determined as the dollar value of liabilities to beneficiaries held in Australia in regulated institutions less any prudential losses to beneficiaries in a given year, divided by the total dollar value of liabilities to beneficiaries in Australia in regulated institutions. Again, the higher the percentage, the lower the incidence of loss. 	<p>APRA does not pursue a 'zero failure' target. Rather, the objective is to maintain a low incidence of failure of supervised institutions while not impeding continued improvements in efficiency or hindering competition.</p> <p>APRA's aim is to identify likely failures early enough so that corrective action can be initiated to prevent the failure, or at least to set in train appropriate wind-up or other exit strategies to minimise losses to beneficiaries.</p> <p>Since APRA's inception in 1998 the annual PER has averaged 99.92 per cent and the annual MPR, which is dominated by the losses associated with HIH Insurance in 2001, has averaged 99.96 per cent.</p>

Year	Performance criteria	Targets
2017-18	As per 2016-17	
2018-19 and beyond	As per 2016-17	
Purposes	The Australian Prudential Regulation Authority (APRA) is an independent statutory authority established for the purpose of prudential supervision of individual financial institutions and for promoting financial system stability in Australia. In performing this role, APRA is responsible for, in particular, protecting the interests of depositors, insurance policyholders and superannuation fund members.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.1) indicates an increase in revenue from Government for 2017-18 as a consequence of budget measures (Table 1.2), a claw-back of a small under-collection of industry levies in 2016-17 and a \$1 million annual increase to APRA's reserves will be made from revenue surpluses over the forward estimates to provide APRA with additional enforcement resources.

Employee expenses of \$103.8 million support an average staffing level (ASL) of 626 in 2017-18. The estimated staffing will enable APRA to supervise regulated institutions and their response to emerging risks, to continue the current focus on housing lending standards, assess the need for and develop new prudential standards and guidance and continue to develop the tools and capability to resolve failures and near-failures in an orderly manner.

Supplier costs in 2017-18 reflect office leasing costs, IT support and maintenance, travel, training and other non-people related expenditures.

The budgeted departmental balance sheet (Table 3.2) shows that APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

The budgeted departmental statement of cash flows (Table 3.4) reflects the source and application of appropriations and other revenue, as detailed in Table 3.1.

The schedule of budgeted income and expenses administered on behalf of Government (Table 3.7) shows the amounts APRA collects in supervisory levies from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*.

Apart from the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office (ATO) for unclaimed monies, lost member functions and for the implementation of the Stronger Super – SuperStream

reforms; the Australian Securities and Investments Commission (ASIC) to improve outcomes in Financial Services and to manage superannuation complaints; the Department of Human Services (DHS) for the administration of claims for early release of superannuation benefits on compassionate grounds and the Australian Competition and Consumer Commission (ACCC) to enhance competition in the financial system.

In addition, the receipts and distributions relating to the administration of the Private Health Insurance industry risk equalisation processes under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* are included.

The schedule of budgeted assets and liabilities administered on behalf of Government (Table 3.8) reflects residual Financial Assistance Levy receivables.

The schedule of budgeted administered cash flows (Table 3.9), indicates that cash collected is swept daily from the APRA account to the Official Public Account (OPA), from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as per Table 3.1), or returns to the Private Health Insurance industry as quarterly risk equalisation payments. The residual is retained in the OPA to meet the Treasurer's Determinations for the ATO, ASIC, ACCC and DHS.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	98,703	103,843	107,552	109,703	109,841
Suppliers	24,997	27,634	25,296	20,664	21,129
Depreciation and amortisation	8,210	10,147	9,854	11,051	10,609
Total expenses	131,910	141,624	142,702	141,418	141,579
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	4,253	4,639	4,643	4,417	4,417
Other	952	1,056	1,056	1,056	1,056
Total own-source revenue	5,205	5,695	5,699	5,473	5,473
Total own-source income	5,205	5,695	5,699	5,473	5,473
Net (cost of)/contribution by services	(126,705)	(135,929)	(137,003)	(135,945)	(136,106)
Revenue from Government	123,849	137,789	138,003	136,945	137,106
Surplus/(deficit) attributable to the Australian Government	(2,856)	1,860	1,000	1,000	1,000
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(2,856)	1,860	1,000	1,000	1,000
Total comprehensive income/(loss) attributable to the Australian Government	(2,856)	1,860	1,000	1,000	1,000

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash	1,904	1,904	1,904	1,904	1,904
Receivables	78,884	84,112	84,879	88,442	92,851
Total financial assets	80,788	86,016	86,783	90,346	94,755
Non-financial assets					
Property, plant and equipment	24,967	26,536	24,360	20,972	17,930
Intangibles	16,507	17,747	20,772	22,449	22,282
Other	1,858	1,858	1,858	1,858	1,858
Total non-financial assets	43,332	46,141	46,990	45,279	42,070
Total assets	124,120	132,157	133,773	135,625	136,825
LIABILITIES					
Provisions					
Employee provisions	42,322	45,253	48,095	51,444	54,420
Other provisions	7,606	7,606	7,606	7,606	7,606
Total provisions	49,928	52,859	55,701	59,050	62,026
Payables					
Suppliers	28,005	31,251	29,025	26,528	23,752
Total payables	28,005	31,251	29,025	26,528	23,752
Total liabilities	77,933	84,110	84,726	85,578	85,778
Net assets	46,187	48,047	49,047	50,047	51,047
EQUITY*					
Contributed equity	16,657	16,657	16,657	16,657	16,657
Reserves	13,412	14,412	15,412	16,412	17,412
Retained surplus (accumulated deficit)	16,118	16,978	16,978	16,978	16,978
Total equity	46,187	48,047	49,047	50,047	51,047

*'Equity' is the residual interest in assets after the deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	16,118	7,412	6,000	16,657	46,187
Adjusted opening balance	16,118	7,412	6,000	16,657	46,187
Comprehensive income					
Surplus/(deficit) for the period	1,860	-	-	-	1,860
Total comprehensive income	1,860	-	-	-	1,860
Transactions with owners					
Equity injection - Appropriation	-	-	-	-	-
Total Transactions with owners	-	-	-	-	-
Transfers between equity					
Transfers between equity components	(1,000)	-	1,000	-	-
Estimated closing balance as at 30 June 2018	16,978	7,412	7,000	16,657	48,047

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	103,943	132,561	137,226	133,382	132,697
Receipts from Government	5,009	5,499	5,503	5,277	5,277
Sale of goods and rendering of services	4,253	4,639	4,643	4,417	4,417
Other	15,631	1,056	1,056	1,056	1,056
Total cash received	128,836	143,755	148,428	144,132	143,447
Cash used					
Employees	95,924	100,913	104,709	106,354	106,864
Suppliers	18,218	24,387	27,513	23,161	23,906
s74 Retained revenue receipts transferred to OPA	5,009	5,499	5,503	5,277	5,277
Total cash used	119,151	130,799	137,725	134,792	136,047
Net cash from/(used by) operating activities	9,685	12,956	10,703	9,340	7,400
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	9,685	12,956	10,703	9,340	7,400
Total cash used	9,685	12,956	10,703	9,340	7,400
Net cash from/(used by) investing activities	(9,685)	(12,956)	(10,703)	(9,340)	(7,400)
FINANCING ACTIVITIES					
Net increase/(decrease) in cash held					
Cash and cash equivalents at the beginning of the reporting period	1,904	1,904	1,904	1,904	1,904
Cash and cash equivalents at the end of the reporting period	1,904	1,904	1,904	1,904	1,904

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	9,685	12,956	10,703	9,340	7,400
TOTAL	9,685	12,956	10,703	9,340	7,400
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	9,685	12,956	10,703	9,340	7,400
Total cash used to acquire assets	9,685	12,956	10,703	9,340	7,400

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	31,774	53,395	85,169
Accumulated depreciation/amortisation and impairment	(6,807)	(36,888)	(43,695)
Opening net book balance	24,967	16,507	41,474
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - other	4,228	8,728	12,956
Total additions	4,228	8,728	12,956
Other movements			
Depreciation/amortisation expense	(2,659)	(7,488)	(10,147)
Total other movements	(2,659)	(7,488)	(10,147)
As at 30 June 2018			
Gross book value	36,002	62,123	98,125
Accumulated depreciation/ amortisation and impairment	(9,466)	(44,376)	(53,842)
Closing net book balance	26,536	17,747	44,283

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Other expenses	55	55	55	55	55
Risk Equalisation distributions	532,737	572,162	613,038	655,364	700,613
Total expenses administered on behalf of Government	532,792	572,217	613,093	655,419	700,668
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other revenue	55	55	55	55	55
<i>Financial Institutions Supervisory Levies Collection Act 1998 (a)</i>	249,995	245,462	195,405	169,740	161,150
Risk Equalisation receipts	532,737	572,162	613,038	655,364	700,613
Total non-taxation revenue	782,787	817,679	808,498	825,159	861,818
Total own-source revenue administered on behalf of Government	782,787	817,679	808,498	825,159	861,818
Total own-sourced income administered on behalf of Government	782,787	817,679	808,498	825,159	861,818
Net cost of/(contribution by) services	249,995	245,462	195,405	169,740	161,150
Total comprehensive income/(loss)	249,995	245,462	195,405	169,740	161,150

Prepared on Australian Accounting Standards basis.

(a) \$118 million over the forward estimates to part-fund ASIC's consumer protection and market integrity functions has been removed as part of ASIC's industry funding model changes.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Receivables	317	317	317	317	317
Total financial assets	317	317	317	317	317
Total assets administered on behalf of Government	317	317	317	317	317

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	55	55	55	55	55
Administered revenue	782,732	817,624	808,443	825,104	861,763
Total cash received	782,787	817,679	808,498	825,159	861,818
Cash used					
Other	55	55	55	55	55
Administered expenses	782,732	817,624	808,443	825,104	861,763
Total cash used	782,787	817,679	808,498	825,159	861,818
Net cash from/(used by) operating activities	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Securities and Investments Commission (ASIC) is an independent Government body established under the *Australian Securities and Investments Commission Act 2001*.

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001*, are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's vision is to allow markets to fund the economy and in turn, economic growth; in doing so, contributing to the financial well-being of all Australians. It does this by:

- promoting investor and consumer trust and confidence;
- ensuring fair and efficient markets; and
- providing efficient registration services.

As the financial services regulator, ASIC has responsibility for investor and consumer protection in financial services. ASIC administers the Australian financial services (AFS) licensing regime and monitors financial services businesses to ensure that they

operate efficiently, honestly and fairly. These businesses typically deal in superannuation, managed funds, deposit and payment products, shares and company securities, derivatives and insurance.

As the consumer credit regulator, ASIC regulates people and businesses engaging in consumer credit activities (including banks, credit unions, finance companies, and mortgage and finance brokers). ASIC ensures that licensees meet the standards – including their responsibilities to consumers – that are set out in the *National Consumer Credit Protection Act 2009* (National Credit Act).

As the markets regulator, ASIC monitors how effectively financial markets are complying with their legal obligations to operate fair and efficient markets. ASIC also exercises delegated authority from the Minister in authorising new markets. It has responsibility for the supervision of trading on Australia’s domestic licensed equity, derivatives and futures markets.

As the corporate regulator, ASIC ensures that companies, schemes and related entities meet their obligations under the *Corporations Act 2001* (Corporations Act). ASIC registers and regulates companies at every point from their incorporation through to their winding up, and ensures that company officers comply with their responsibilities. This ‘cradle to grave’ approach enhances regulatory oversight. It also registers and, where necessary, takes disciplinary action against company auditors and liquidators. ASIC monitors public companies’ financial reporting and disclosure and fundraising activities.

ASIC promotes financial literacy. It supports the financial capability of Australians to improve their financial knowledge and skills and develop the attitudes and behaviours to make good financial decisions.

ASIC also operates a public register that provides information about Australia’s companies, business names, financial services licensees and other professionals registered with ASIC.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	<i>2017-18 Estimate \$'000</i>
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	127,691	117,576
Departmental appropriation (c)	341,588	340,223
s 74 retained revenue receipts (d)	4,522	4,563
Departmental capital budget (e)	24,095	20,868
Annual appropriations - other services - non-operating (f)		
Equity injection	29,449	22,185
<i>Total departmental annual appropriations</i>	<i>527,345</i>	<i>505,415</i>
Special accounts (g)		
Opening balance	-	44,195
Appropriation receipts (h)	26,815	26,279
Non-appropriation receipts	1,000	1,000
<i>Total special accounts</i>	<i>27,815</i>	<i>71,474</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(26,815)</i>	<i>(26,279)</i>
Total departmental resourcing	528,345	550,610

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017 (continued)

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
Administered		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	2,041	
Outcome 1 - Assetless Administration fund	3,591	3,583
Outcome 1 - Ordinary annual services	577	574
Outcome 1 - Corporations Unclaimed Money interest	1,695	3,145
Total administered annual appropriations	7,904	7,302
Special appropriations		
<i>Banking Act 1959</i>	45,868	35,598
<i>Life Insurance Act 1995</i>	7,052	4,264
Total administered special appropriations	52,920	39,862
Total administered resourcing	60,824	47,164
Total resourcing for ASIC	589,169	597,774
	2016-17	2017-18
Average staffing level (number)	1,687	1,698

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No. 1) 2017-18.
- (b) Estimated adjusted balance carried forward from previous year.
- (c) Excludes departmental capital budget (DCB).
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) Appropriation Bill (No. 2) 2017-18.
- (g) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 — Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (h) Amounts credited to the special account(s) from ASIC's annual and special appropriations.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Australian Securities and Investments Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Revenue measures						
A More Accountable and Competitive Banking System - improving dispute resolution						
Administered revenues	1.1	-	-	1,844	1,086	667
Australian Securities and Investments Commission - improving financial literacy						
Administered revenues	1.1	-	-	4,000	3,979	3,978
Crowd-sourced Equity Funding for Proprietary Companies						
Administered revenues	1.1	-	-	1,317	1,076	1,055
Finalisation of the Industry Funding Model for the Australian Securities and Investments Commission						
Administered revenues	1.1	-	-	37,829	37,314	37,498
Total revenue measures		-	-	44,990	43,455	43,198

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures						
A More Accountable and Competitive Banking System - improving external dispute resolution						
Departmental expenses	1.1	-	901	1,086	667	(4,529)
Australian Securities and Investments Commission - improving financial literacy						
Departmental expenses	1.1	-	4,000	3,979	3,978	4,001
Crowd-sourced Equity Funding for Proprietary Companies						
Departmental expenses	1.1	-	1,210	1,076	1,055	1,062
Public Service Modernisation Fund - transformation and innovation stream (a)						
Departmental expenses	1.1	-	-	-	-	-
Total expense measures		-	6,111	6,141	5,700	534
Capital measures						
A More Accountable and Competitive Banking System - improving external dispute resolution						
Departmental capital	1.1	-	(1,071)	-	-	-
Crowd-sourced Equity Funding for Proprietary Companies						
Departmental capital	1.1	-	107	-	-	-
Total capital measures		-	(964)	-	-	-

(a) ASIC's budget for 2019-20 includes \$0.725 million in respect of this measure.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for ASIC can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Report.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

Budgeted expenses for Outcome 1

This table shows how much ASIC intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Securities and Investments Commission					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	4,168	4,157	4,132	4,133	4,154
Expenses not requiring appropriation in the Budget year (a)	55,600	50,812	51,607	53,951	54,192
Administered total	59,768	54,969	55,739	58,084	58,346
Departmental expenses					
Departmental appropriation	355,750	341,763	331,273	326,470	321,277
Expenses not requiring appropriation in the Budget year (b)	44,373	42,083	35,977	34,361	29,304
Departmental total	400,123	383,846	367,250	360,831	350,581
Total expenses for program 1.1	459,891	438,815	422,989	418,915	408,927
Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts					
Administered expenses					
Companies unclaimed monies - section 77 of the PGPA ACT	48,429	31,188	31,738	32,086	31,706
Ordinary annual services (Appropriation Bill No. 1)	1,695	3,145	3,361	3,658	3,993
Special appropriations					
<i>Banking Act 1959 - Banking Unclaimed Moneys</i>	7,784	6,398	8,172	52,954	49,759
<i>Life Insurance Act 1995 - Life Unclaimed Moneys</i>	1,240	1,389	1,357	5,199	4,664
Administered total	59,148	42,120	44,628	93,897	90,122
Total expenses for program 1.2	59,148	42,120	44,628	93,897	90,122

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	5,863	7,302	7,493	7,791	8,147
Companies unclaimed monies - section 77 of the PGPA ACT	48,429	31,188	31,738	32,086	31,706
Special appropriations	9,024	7,787	9,529	58,153	54,423
Expenses not requiring appropriation in the Budget year (b)	55,600	50,812	51,607	53,951	54,192
Administered total	118,916	97,089	100,367	151,981	148,468
Departmental expenses					
Departmental appropriation	355,750	341,763	331,273	326,470	321,277
Expenses not requiring appropriation in the Budget year (b)	44,373	42,083	35,977	34,361	29,304
Departmental total	400,123	383,846	367,250	360,831	350,581
Total expenses for Outcome 1	519,039	480,935	467,617	512,812	499,049

	2016-17	2017-18
Average staffing level (number)	1,687	1,698

(a) Expenses not requiring appropriation in the Budget year are doubtful debts.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 Improved confidence in Australia’s financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.</p>	
<p>Program 1.1 — Australian Securities and Investments Commission Program 1.1 contributes to Outcome 1 by improving industry behaviour through ASIC’s detect, understand and respond approach where investor and consumer trust and confidence and fair and efficient markets are most at risk. ASIC:</p> <ul style="list-style-type: none"> • detects wrongdoing through surveillance, breach reports, and reports from the public and whistle blowers; • understands our environment by continually scanning it to identify issues and manage risks; and • responds to wrongdoing or the risk of wrongdoing using a number of tools, including education, guidance, enforcement and policy advice to Government. <p>This program also seeks to improve ASIC’s registry services by developing initiatives for business and consumer stakeholders to simplify and reduce the cost of interactions with ASIC.</p>	
Delivery	ASIC will deliver this objective through engagement with industry and other stakeholders, surveillance, guidance, education, enforcement and policy advice.

Performance information		
Year	Performance criteria	Targets
2016-17	<p>Investor and consumer trust and confidence</p> <ul style="list-style-type: none"> investors and consumers have trust and confidence to participate in the financial system; product issuers, credit providers and advisers meet required standards; fair and efficient processes are in place for resolution of disputes; and misconduct is dealt with and deterred. <p>Fair and efficient markets</p> <ul style="list-style-type: none"> participants in financial markets meet required standards; issuers and their officers meet required standards; financial markets are fair, orderly and transparent; and misconduct is dealt with and deterred. <p>Providing efficient registration services</p> <ul style="list-style-type: none"> registration is efficient, accurate and cost effective for business; business complies with ongoing registration obligations; the public has easy access to information in ASIC registers; and misconduct is dealt with and deterred. 	<p>Promoting investor and consumer trust and confidence and ensuring fair and efficient markets</p> <ul style="list-style-type: none"> On track to meet performance criteria for 2016-17 through engagement, surveillance, enforcement, guidance, education, and policy activities. Providing efficient registration services On track to meet the performance criteria for 2016-17.

Performance information (continued)		
Year	Performance criteria	Targets
2017-18	<ul style="list-style-type: none"> As per 2016-17 	<ul style="list-style-type: none"> Evidenced by qualitative and quantitative measures, including: Promoting investor and consumer trust and confidence/ ensuring fair and efficient markets Stakeholder feedback External data Published ASIC reports Case studies Measures of the cleanliness of Australia's listed equity markets ASIC operational data — surveillances undertaken and results achieved ASIC operational data – enforcement activities undertaken and results achieved Meetings and other engagements with stakeholders, including via committees and panels Financial capability resources and tools produced ASIC MoneySmart accessibility and usage <p>Providing efficient registration services:</p> <ul style="list-style-type: none"> ASIC operational data — volume and efficiency of registry activity Performance against ASIC Service Charter Stakeholder feedback Case studies
2018-19 and beyond	As per 2017-18	As per 2017-18
Purposes	ASIC's vision is to allow markets to fund the economy and, in turn, economic growth. In doing so, contributing to the financial well-being of all Australians.	

<p>Program 1.2 — Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts.</p> <p>ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions</p>		
Delivery	Provide an accurate register of unclaimed money and special accounts administered by ASIC.	
Performance information		
Year	Performance criteria	Targets
2016-17	<ul style="list-style-type: none"> ensure that refunds of unclaimed monies are paid to successful claimants promptly; and ensure that payments of money from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation. 	Process claims within 28 days of receiving all necessary claim documentation.
2017-18	As per 2016-17	As per 2016-17
2018-19 and beyond	As per 2016-17	As per 2016-17
Purposes	ASIC's vision is to allow markets to fund the real economy and, in turn, economic growth. In doing so, we contribute to improved standards of living for all Australians.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government indigenous expenditure.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2017-18 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2017-18 is \$147.2 million.

The 2017-18 equity position reflects the cumulative effect of capital injections of \$43.1 million received during 2017-18.

Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers to track the management of ASIC's equity.

Departmental Capital Budget statement

This statement shows details of capital appropriations received by ASIC. It helps decision-makers to track the acquisition of new non-financial assets.

Statement of asset movements — departmental

This statement shows details of gross asset movements during the year. It helps decision-makers to analyse movements of non-financial assets.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of Government

The schedule of budgeted income and expenses administered on behalf of Government shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001* and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and section 77 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

Expenses represent budgeted payments of unclaimed monies, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense, administered advertising expenses and grant payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

Schedule of budgeted assets and liabilities administered on behalf of Government

The amount shown for receivables in 2017-18 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2017-18 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*, estimated claims payable under the *Banking Act 1959* and the *Life Insurance Act 1995* and companies unclaimed monies under section 77 of the PGPA Act.

Schedule of budgeted administered cash flows

Budgeted administered cash flows provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	247,125	244,483	237,739	232,700	216,857
Suppliers	108,125	96,780	93,030	88,094	103,591
Depreciation and amortisation	42,083	35,977	34,361	29,304	29,002
Finance costs	500	500	504	5,676	829
Total expenses	397,833	377,740	365,634	355,774	350,279
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	3,657	3,698	3,662	3,720	3,720
Other revenue	865	865	865	865	865
Total own-source revenue	4,522	4,563	4,527	4,585	4,585
Gains					
Other	330	330	330	330	330
Total gains	330	330	330	330	330
Total own-source income	4,852	4,893	4,857	4,915	4,915
Net (cost of)/contribution by services	(392,981)	(372,847)	(360,777)	(350,859)	(345,364)
Revenue from Government	336,566	340,223	329,769	322,618	318,619
Surplus/(deficit) attributable to the Australian Government	(56,415)	(32,624)	(31,008)	(28,241)	(26,745)
OTHER COMPREHENSIVE INCOME					
Total comprehensive income/(loss) attributable to the Australian Government	(56,415)	(32,624)	(31,008)	(28,241)	(26,745)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	56,415	32,624	31,008	28,241	26,745
Total comprehensive income/(loss) - as per the statement of comprehensive income	(56,415)	(32,624)	(31,008)	(28,241)	(26,745)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,606	2,606	2,606	2,606	2,606
Trade and other receivables	120,491	116,314	106,562	106,562	106,562
Total financial assets	123,097	118,920	109,168	109,168	109,168
Non-financial assets					
Land and buildings	34,423	32,267	32,046	33,992	34,323
Property, plant and equipment	14,228	9,941	6,273	4,270	2,987
Intangibles	93,806	106,871	111,867	103,360	96,166
Other non-financial assets	9,392	9,392	9,392	9,392	9,392
Total non-financial assets	151,849	158,471	159,578	151,014	142,868
Total assets	274,946	277,391	268,746	260,182	252,036
LIABILITIES					
Payables					
Suppliers	32,482	30,456	30,456	30,456	30,456
Other payables	24,109	20,040	16,687	15,624	13,367
Total payables	56,591	50,496	47,143	46,080	43,823
Provisions					
Employee provisions	70,765	70,765	70,765	70,765	70,765
Other provisions	10,777	8,888	8,384	8,384	8,384
Total provisions	81,542	79,653	79,149	79,149	79,149
Total liabilities	138,133	130,149	126,292	125,229	122,972
Net assets	136,813	147,242	142,454	134,953	129,064
EQUITY*					
Parent entity interest					
Contributed equity	367,849	410,902	437,122	457,862	478,718
Reserves	17,137	17,137	17,137	17,137	17,137
Retained surplus (accumulated deficit)	(248,173)	(280,797)	(311,805)	(340,046)	(366,791)
Total parent entity interest	136,813	147,242	142,454	134,953	129,064
Total equity	136,813	147,242	142,454	134,953	129,064

*Equity is the residual interest in assets after the deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	(248,173)	17,137	-	367,849	136,813
Adjusted opening balance	(248,173)	17,137	-	367,849	136,813
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(32,624)	-	-	-	(32,624)
Total comprehensive income	(32,624)	-	-	-	(32,624)
Contributions by owners					
Equity injection					-
Equity injection - Appropriation	-	-	-	22,185	22,185
Departmental capital budget (DCB)	-	-	-	20,868	20,868
Sub-total transactions with owners	-	-	-	43,053	43,053
Estimated closing balance as at 30 June 2018	(280,797)	17,137	-	410,902	147,242
Closing balance attributable to the Australian Government	(280,797)	17,137	-	410,902	147,242

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	346,681	344,400	339,521	322,618	315,494
Sale of goods and rendering of services	3,657	3,698	3,662	3,720	3,720
Net GST received	12,188	13,972	12,577	9,584	-
Other	865	865	865	865	865
Total cash received	363,391	362,935	356,625	336,787	320,079
Cash used					
Employees	247,125	244,483	237,739	232,700	213,732
Suppliers	112,886	102,618	93,708	93,440	104,090
Net GST paid	12,188	13,972	12,577	9,584	-
Other	280	2,316	3,353	1,063	2,257
Total cash used	372,479	363,389	347,377	336,787	320,079
Net cash from/(used by) operating activities	(9,088)	(454)	9,248	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	43,356	42,599	35,468	20,740	20,856
Total cash used	43,356	42,599	35,468	20,740	20,856
Net cash from/(used by) investing activities	(43,356)	(42,599)	(35,468)	(20,740)	(20,856)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	53,544	43,053	26,220	20,740	20,856
Total cash received	53,544	43,053	26,220	20,740	20,856
Net cash from/(used by) financing activities	53,544	43,053	26,220	20,740	20,856
Net increase/(decrease) in cash held	1,100	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,506	2,606	2,606	2,606	2,606
Cash and cash equivalents at the end of the reporting period	2,606	2,606	2,606	2,606	2,606

Prepared on Australian Accounting Standards basis

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	24,095	20,868	20,721	20,740	20,856
Equity injections - Bill 2	29,449	22,185	5,499	-	-
Total new capital appropriations	53,544	43,053	26,220	20,740	20,856
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	53,191	41,164	25,716	15,064	20,027
<i>Other Items</i>	353	1,889	504	5,676	829
Total items	53,544	43,053	26,220	20,740	20,856
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	19,614	22,185	5,499	-	-
Funded by capital appropriation - DCB (b)	23,742	18,979	20,217	20,740	20,856
Funded internally from departmental resources (c)	-	1,435	9,752	-	-
TOTAL	43,356	42,599	35,468	20,740	20,856
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	53,544	43,053	26,220	20,740	20,856
Total cash used to acquire assets	53,544	43,053	26,220	20,740	20,856

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s 74 Retained revenue receipts;
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	91,046	54,340	322,108	467,494
Accumulated depreciation/ amortisation and impairment	(56,623)	(40,112)	(228,302)	(325,037)
Opening net book balance	34,423	14,228	93,806	142,457
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	5,900	600	36,099	42,599
Total additions	5,900	600	36,099	42,599
Other movements				
Depreciation/amortisation expense	(8,056)	(4,887)	(23,034)	(35,977)
Total other movements	(8,056)	(4,887)	(23,034)	(35,977)
As at 30 June 2018				
Gross book value	96,946	54,940	358,207	510,093
Accumulated depreciation/ amortisation and impairment	(64,679)	(44,999)	(251,336)	(361,014)
Closing net book balance	32,267	9,941	106,871	149,079

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.
Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Suppliers	577	574	571	570	574
Grants	3,591	3,583	3,561	3,563	3,580
Write-down and impairment of assets	55,600	50,812	51,607	53,951	54,192
Interest expense	4,456	5,856	5,873	6,022	6,629
Other expenses	54,692	36,264	38,755	87,875	83,493
Total expenses administered on behalf of Government	118,916	97,089	100,367	151,981	148,468
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Fees and fines	924,288	930,470	938,379	970,280	1,000,161
Levies other than Agricultural	-	-	41,829	41,293	41,476
Total taxation revenue	924,288	930,470	980,208	1,011,573	1,041,637
Non-taxation revenue					
Other Non-tax Revenue	-	-	232,373	231,069	243,439
Other Fees from Regulatory Services	61,180	44,091	45,193	115,216	115,500
Total non-taxation revenue	61,180	44,091	277,566	346,285	358,939
Total own-source revenue administered on behalf of Government	985,468	974,561	1,257,774	1,357,858	1,400,576
Total own-sourced income administered on behalf of Government	985,468	974,561	1,257,774	1,357,858	1,400,576
Net (cost of)/contribution by services	866,552	877,472	1,157,407	1,205,877	1,252,108
Surplus/(deficit)	866,552	877,472	1,157,407	1,205,877	1,252,108
Total comprehensive income/(loss)	866,552	877,472	1,157,407	1,205,877	1,252,108

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,573	2,580	2,482	2,580	2,530
Trade and other receivables	134,961	139,464	143,807	152,489	162,652
Total financial assets	137,534	142,044	146,289	155,069	165,182
Total assets administered on behalf of Government	137,534	142,044	146,289	155,069	165,182
LIABILITIES					
Payables					
Suppliers	27,341	23,271	16,051	16,051	16,051
Other payables	358,086	323,309	303,365	331,175	338,329
Total payables	385,427	346,580	319,416	347,226	354,380
Total liabilities administered on behalf of Government	385,427	346,580	319,416	347,226	354,380
Net assets/(liabilities)	(247,893)	(204,536)	(173,127)	(192,157)	(189,198)

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other Non-tax Revenue	-	-	232,373	231,069	243,439
Fees and fines	866,612	871,166	877,169	907,648	935,806
Levies other than Agricultural	-	-	41,829	41,293	41,476
Net GST received	331	331	331	331	-
Other Fees from Regulatory Services	61,180	44,091	45,193	115,216	115,500
Total cash received	928,123	915,588	1,196,895	1,295,557	1,336,221
Cash used					
Grant	3,591	3,583	3,597	3,563	3,580
Net GST paid	331	331	331	331	-
Interest	4,456	5,856	5,720	6,022	6,629
Other	89,329	71,741	59,547	60,778	77,084
Total cash used	97,707	81,511	69,195	70,694	87,293
Net cash from/(used by) operating activities	830,416	834,077	1,127,700	1,224,863	1,248,928
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	107,497	91,180	78,864	80,363	97,293
Total cash received	107,497	91,180	78,864	80,363	97,293
Cash used					
Cash to Official Public Account	937,405	925,170	1,206,742	1,305,128	1,346,271
Total cash used	937,405	925,170	1,206,742	1,305,128	1,346,271
Net cash from/(used by) financing activities	(829,908)	(833,990)	(1,127,878)	(1,224,765)	(1,248,978)
Net increase/(decrease) in cash held	508	87	(178)	98	(50)
Cash and cash equivalents at beginning of reporting period	2,065	2,573	2,660	2,482	2,580
Cash and cash equivalents at end of reporting period	2,573	2,660	2,482	2,580	2,530

Prepared on Australian Accounting Standards basis.

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Taxation Office's (ATO) vision is to be a leading tax and superannuation administration, known for its contemporary service, expertise and integrity. The ATO will contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems.

We will focus on making it as easy as possible for people to get things right. Our support and services continue to be designed to make it easier to engage with the tax and superannuation systems and pay the right amounts at the right time. As a contemporary organisation, the ATO will provide convenient and accessible services, tailored according to risk, for our clients and intermediaries. We continue to strengthen the relationships we have with the tax and superannuation professional community. As we embrace new ways of working, we continue to grow the skills and expertise of our workforce to ensure we are a professional and productive organisation.

Critically, the integrity of the system will be maintained by supporting those who choose to do the right thing and dealing with those who do not. Ultimately, client experience and participation in the tax and superannuation systems will be the true measure of success.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	344,026	361,420
Departmental appropriations s 74 retained revenue receipts (c)	3,197,797	3,199,703
Departmental capital budget (d)	128,695	128,294
Departmental capital budget (d)	111,619	112,589
Annual appropriations - other services - non-operating		
Prior year appropriations available (b)	69,758	58,299
Equity injection (e)	54,790	27,496
<i>Total departmental annual appropriations</i>	<i>3,906,685</i>	<i>3,887,801</i>
Special accounts (f)		
Opening balance	5,446	3,999
Appropriation receipts (g)	14,611	14,431
<i>Total special accounts</i>	<i>20,057</i>	<i>18,430</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(20,057)</i>	<i>(18,430)</i>
Total departmental resourcing	3,906,685	3,887,801
Administered		
Annual appropriations - ordinary annual services (a)		
Outcome 1	959	5,876
<i>Total administered annual appropriations</i>	<i>959</i>	<i>5,876</i>
Special appropriations		
<i>Public Governance, Performance and Accountability Act 2013: s 77</i>	<i>100,000</i>	<i>100,000</i>
<i>Product Grants and Benefits Administration Act 2000</i>		
Cleaner fuel grants	1,000	-
Product stewardship for oil	71,000	77,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	<i>318,000</i>	<i>317,000</i>
<i>Taxation Administration Act 1953 - s 16 (Non-refund items) (h)</i>	<i>11,005,000</i>	<i>11,249,973</i>
<i>Total administered special appropriations</i>	<i>11,495,000</i>	<i>11,743,973</i>

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2017-18 as at Budget May 2017 (continued)

Special accounts (f)		
Opening balance	146,257	191,691
Appropriation receipts (i)	47,400	27,900
Non-appropriation receipts	4,523,000	6,004,000
<i>Total special account receipts</i>	<i>4,716,657</i>	<i>6,223,591</i>
<i>less administered appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>47,400</i>	<i>27,900</i>
Total administered resourcing	16,165,216	17,945,540
Total resourcing for ATO	20,071,901	21,833,341
	2016-17	2017-18
Average staffing level (number)	17,901	18,043

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

- (a) *Appropriation Bill (No. 1) 2017-18.*
- (b) Estimated adjusted balance carried from previous year for annual appropriations.
- (c) Estimated retained revenue receipts under s.74 of the PGPA Act 2013.
- (d) Departmental capital budgets are not separately identified in *Appropriation Bill (No. 1) 2017-18* and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (e) *Appropriation Bill (No. 2) 2017-18.*
- (f) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special accounts, see Table 3.1.
- (g) Amounts credited to the special account from ATO's Departmental annual appropriations.
- (h) These figures relate to administered expenses such as fuel tax credits, research and development tax incentives, and Australian Screen Production Incentive. Estimated tax refunds for 2016-17 are \$103.5 billion including \$201.7 million made on behalf of the ATO by the Department of Immigration and Border Protection (DIBP). Estimated tax refund items for 2017-18 are \$107.8 billion including \$211.2 million made on behalf of the ATO by the DIBP.
- (i) Amounts credited to the special account from ATO's Administered annual and special appropriations.

Third party payments from and on behalf of other entities

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)	12,170	1,201
Payments made to other entities for the provision of services (disclosed above)	151,424	150,656
Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above)	106,539	111,519
Payments made to corporate entities within the Portfolio Reserve Bank of Australia	89,680	94,153

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the ATO are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures						
Additional funding for addressing serious and organised crime in the tax system (b)						
Departmental expenses	1.1	-	7,075	7,038	7,036	7,077
Broadcasting and Content Reform Package - funding for Australian film and television content and SBS						
Administered expenses	1.5	-	-	(2,000)	(2,000)	(2,000)
Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse (b)						
Departmental expenses	1.1	-	-	nfp	nfp	nfp
Reducing Pressure on Housing Affordability - affordable housing through Managed Investment Trusts (b)						
Departmental expenses	1.1	-	1,255	92	92	-
Reducing Pressure on Housing Affordability - annual charge on foreign owners of underutilised residential property (b)						
Departmental expenses	1.1	-	487	1,007	1,007	965
Reducing Pressure on Housing Affordability - capital gains tax changes for foreign investors (b)						
Departmental expenses	1.1	-	4,757	4,731	4,730	4,758
Reducing Pressure on Housing Affordability - contributing the proceeds of downsizing to superannuation (b)						
Departmental expenses	1.1	-	-	-	-	-
Reducing Pressure on Housing Affordability - first home super saver scheme (b)						
Departmental expenses	1.1	-	2,764	2,074	1,803	1,566
Tax Integrity Package - Black Economy Taskforce: extension of the taxable payments reporting system (TPRS) to contractos in the courier and cleaning industries (b)						
Administered expenses	1.1	-	580	427	354	-
Departmental expenses	1.1	-	152	589	666	632

Table 1.2: Measures announced since the 2016 17 Mid-Year Economic and Fiscal Outlook (continued)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Tax Integrity Package - one year extension of funding for ATO audit and compliance activities (b)						
Departmental expenses	1.1	-	32,009	-	-	-
Tax Integrity Package - Black Economy Taskforce - combating fraud in the precious metals industry (b)						
Departmental expenses	1.1	-	324	(3,050)	(3,823)	(4,246)
Tax Integrity Package - improving the integrity of GST on property transactions (b)						
Departmental expenses	1.1	-	1,824	(2,631)	(4,581)	(4,803)
Unlegislated Budget Repair Measures - not proceeding (b)						
Administered expenses	1.18	-	7,000	7,000	7,000	7,000
Departmental expenses	1.1	-	(656)	(396)	(398)	(398)
Total expense measures						
Administered		-	7,580	5,427	5,354	5,000
Departmental		-	49,991	9,454	6,532	5,551
Capital measures						
Australian Charities and Not-for-profits Commission - ICT system funding						
Departmental capital	1.1	-	2,979	-	-	-
Reducing Pressure on Housing Affordability - affordable housing through Managed Investment Trusts (c)						
Departmental capital	1.1	-	79	-	-	-
- annual charge on foreign owners of underutilised residential property (c)						
Departmental capital	1.1	-	203	-	-	-
Reducing Pressure on Housing Affordability - first home super saver scheme (c)						
Departmental capital	1.1	-	1,189	-	-	-
Tax Integrity Package - combatting fraud in the precious metals industry (c)						
Departmental capital	1.1	-	238	-	-	-
Tax Integrity Package - improving the integrity of GST on property transactions (c)						
Departmental capital	1.1	-	985	-	-	-
Total capital measures						
Departmental		-	5,673	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Australian Taxation Office can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE 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.

Linked programs

<p>Australian Financial Security Authority</p>
<p>Program 1.1 — Personal Insolvency and Trustee Services</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Australian Financial Security Authority exchanges information with the ATO and administers the bankruptcy notices and payment arrangements to support this service.</p>
<p>Australian Prudential Regulation Authority</p>
<p>Program 1.1— Australian Prudential Regulation Authority</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Australian Prudential Regulation Authority (APRA) exchanges information with the ATO on superannuation and other matters. APRA also contributes to the governance and management of the Standard Business Reporting program.</p>
<p>Australian Securities and Investments Commission</p>
<p>Program 1.1— Australian Securities and Investment Commission</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Australian Securities and Investments Commission (ASIC) exchanges information with the ATO in relation to self-managed superannuation fund auditor registration, and financial crime intelligence. ASIC contributes to the management and governance of Standard Business Reporting program.</p>
<p>Australian Transaction Reports and Analysis Centre</p>
<p>Program 1.1— AUSTRAC</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Australian Transaction Reports and Analysis Centre (AUSTRAC) exchanges information with the ATO and delivers financial crime intelligence that assist key stakeholder agencies to make operational and intelligence decisions.</p>

<p>Department of Education and Training</p>
<p>Program 2.4— Higher Education Loan Program Program 2.8— Building Skills and Capacity</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Education and Training exchanges information with the ATO in relation to the Higher Education Loans Program and Trade Support Loans.</p>
<p>Department of Health</p>
<p>Program 4.1— Medical Benefits Program 4.4 — Private Health Insurance</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Health (DoH) contributes to the administrative arrangements for the Government's Private Health Insurance Rebate. DoH also works with the ATO to deliver the Multi-agency Data Integration Project.</p>
<p>Department of Human Services</p>
<p>Program 1.1— Services to the Community — Social Security and Welfare Program 1.2 — Services to the Community — Health Program 1.3— Child Support</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>Department of Human Services supports individuals, families and communities to achieve greater self-sufficiency by providing administration and payments services on behalf of the ATO.</p>
<p>Department of Immigration and Border Protection</p>
<p>Program 3.1— Border-Revenue Collection</p> <p>Contribution to Outcome 1 made by linked programs</p> <p>The Department of Immigration and Border Protection collects or administers on behalf of the Australian Taxation Office relevant taxes including Goods and Services Tax, Wine Equalisation Tax, Tourist Refund Scheme and Luxury Car Tax.</p>

Department of Industry, Innovation and Science
Program 1.1— Supporting Science and Commercialisation Program 1.2—Growing Business Investment and Improving Business Capability Program 1.3— Program Support Contribution to Outcome 1 made by linked programs Department of Industry, Innovation and Science work together with the ATO to enable the growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.
Department of the Environment and Energy
Program 2.1 — Reducing Australia’s Greenhouse Gas Emissions Contribution to Outcome 1 made by linked programs Department of the Environment and Energy (DoEE) shares information with the ATO to confirm trees meet certain conditions when a taxpayer claims a deduction under the Carbon Sink Forest measure.
Department of the Treasury
Program 1.1— Department of the Treasury Contribution to Outcome 1 made by linked programs Department of the Treasury (Treasury) contributes to the administration of the National Tax Equivalent Regime. Treasury also exchanges information and provides advice to the ATO relating to foreign investment proposals.

Budgeted expenses for Outcome 1

Table 2.1 shows how much the ATO intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Taxation Office					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	959	5,876	598	354	-
Administered total	959	5,876	598	354	-
Departmental expenses					
Departmental appropriations 74 Retained revenue receipts (a)	3,021,428	3,026,537	2,870,127	2,751,910	2,550,599
Expenses not requiring appropriation in the Budget year (b)	99,997	97,980	100,223	102,688	108,123
	196,956	202,068	208,273	212,728	215,530
Departmental total	3,318,381	3,326,585	3,178,623	3,067,326	2,874,252
Total expenses for program 1.1	3,319,340	3,332,461	3,179,221	3,067,680	2,874,252
Program 1.2: Tax Practitioners Board					
Departmental expenses					
Departmental appropriation	15,214	15,029	14,937	14,666	14,737
Departmental total	15,214	15,029	14,937	14,666	14,737
Total expenses for program 1.2	15,214	15,029	14,937	14,666	14,737
Program 1.3: Australian Business Register					
Departmental expenses					
Departmental appropriation	146,544	143,706	140,859	140,966	141,650
Departmental total	146,544	143,706	140,859	140,966	141,650
Total expenses for program 1.3	146,544	143,706	140,859	140,966	141,650
Program 1.4: Australian Charities and Not-for-profits					
Departmental expenses					
Special accounts <i>Australian Charities and Not-for-profits Commission Special Account</i>	14,611	14,431	14,340	14,351	14,421
Departmental total	14,611	14,431	14,340	14,351	14,421
Total expenses for program 1.4	14,611	14,431	14,340	14,351	14,421

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.5: Australian Screen Production Incentive					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act</i>					
<i>1953 - section 16 (Non-refund items)</i>	347,700	344,000	299,000	262,000	262,000
Administered total	347,700	344,000	299,000	262,000	262,000
Total expenses for program 1.5	347,700	344,000	299,000	262,000	262,000
Program 1.6: Exploration Development Incentive					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act</i>					
<i>1953 - section 16 (Non-refund items)</i>	2,300	-	-	-	-
Administered total	2,300	-	-	-	-
Total expenses for program 1.6	2,300	-	-	-	-
Program 1.7: Fuel Tax Credits Scheme					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act</i>					
<i>1953 - section 16 (Non-refund items)</i>	6,194,000	6,308,100	6,514,200	6,883,800	7,349,400
Administered total	6,194,000	6,308,100	6,514,200	6,883,800	7,349,400
Total expenses for program 1.7	6,194,000	6,308,100	6,514,200	6,883,800	7,349,400
Program 1.8: National Rental Affordability Scheme					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act</i>					
<i>1953 - section 16 (Non-refund items)</i>	191,700	224,873	229,172	229,792	228,228
Administered total	191,700	224,873	229,172	229,792	228,228
Total expenses for program 1.8	191,700	224,873	229,172	229,792	228,228

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.9: Product Stewardship for Oil					
Administered expenses					
Special appropriations					
<i>Product Grants and Benefits Administration Act 2000 - product stewardship (oil) benefits</i>	71,000	77,000	87,000	88,000	89,000
Administered total	71,000	77,000	87,000	88,000	89,000
Total expenses for program 1.9	71,000	77,000	87,000	88,000	89,000
Program 1.10: Research & Development Tax Incentive					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	2,874,400	3,003,000	3,219,000	3,461,000	3,737,000
Administered total	2,874,400	3,003,000	3,219,000	3,461,000	3,737,000
Total expenses for program 1.10	2,874,400	3,003,000	3,219,000	3,461,000	3,737,000
Program 1.11: Low Income Superannuation Tax Offset					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	823,000	793,000	792,000	787,000	780,000
Administered total	823,000	793,000	792,000	787,000	780,000
Total expenses for program 1.11	823,000	793,000	792,000	787,000	780,000
Program 1.12: Private Health Insurance Rebate					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	230,000	248,000	247,000	237,000	228,000
Administered total	230,000	248,000	247,000	237,000	228,000
Total expenses for program 1.12	230,000	248,000	247,000	237,000	228,000
Program 1.13: Superannuation Co-contribution Scheme					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	156,000	150,000	149,000	148,000	145,000
Administered total	156,000	150,000	149,000	148,000	145,000
Total expenses for program 1.13	156,000	150,000	149,000	148,000	145,000

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.14: Superannuation Guarantee Scheme					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	318,000	317,000	310,000	321,000	333,000
Administered total	318,000	317,000	310,000	321,000	333,000
Total expenses for program 1.14	318,000	317,000	310,000	321,000	333,000
Program 1.15: Targeted assistance through the taxation system					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	13,000	7,000	8,000	8,000	8,000
Administered total	13,000	7,000	8,000	8,000	8,000
Total expenses for program 1.15	13,000	7,000	8,000	8,000	8,000
Program 1.16: Interest on Overpayment and Early Payments					
Administered expenses					
Special appropriations					
<i>Taxation Administration Act 1953 - section 16 (Non- refund items)</i>	165,000	165,000	165,000	165,000	165,000
Administered total	165,000	165,000	165,000	165,000	165,000
Total expenses for program 1.16	165,000	165,000	165,000	165,000	165,000
Program 1.17: Bad & Doubtful Debts & Remissions					
Administered expenses					
Expenses not requiring appropriation in the Budget year (b)	6,855,695	7,273,000	7,521,000	7,862,000	7,918,000
Administered total	6,855,695	7,273,000	7,521,000	7,862,000	7,918,000
Total expenses for program 1.17	6,855,695	7,273,000	7,521,000	7,862,000	7,918,000
Program 1.18: Other Administered (c)					
Administered expenses					
Special appropriations					
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	1,000	-	-	-	-
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)</i>	7,900	7,000	7,000	7,000	7,000
Administered total	8,900	7,000	7,000	7,000	7,000
Total expenses for program 1.18	8,900	7,000	7,000	7,000	7,000

Table 2.1: Budgeted expenses for Outcome 1 (continued)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Outcome 1 Totals by appropriation type					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	959	5,876	598	354	-
Special appropriations	11,386,100	11,636,973	12,019,372	12,590,592	13,324,628
Expenses not requiring appropriation in the Budget year (b)	6,855,695	7,273,000	7,521,000	7,862,000	7,918,000
Administered total	18,242,754	18,915,849	19,540,970	20,452,946	21,242,628
Departmental expenses					
Departmental appropriation	3,183,186	3,185,272	3,025,923	2,907,542	2,706,986
s74 Retained revenue receipts (a)	99,997	97,980	100,223	102,688	108,123
Special accounts	14,611	14,431	14,340	14,351	14,421
Expenses not requiring appropriation in the Budget year (b)	196,956	202,068	208,273	212,728	215,530
Departmental total	3,297,794	3,297,683	3,140,486	3,024,581	2,829,530
Total expenses for Outcome 1	21,540,548	22,213,532	22,681,456	23,477,527	24,072,158
	2016-17	2017-18			
Average staffing level (number)	17,901	18,043			

(a) Estimated expenses incurred in relation to receipts retained under s.74 of the *Public Governance, Performance and accountability (PGPA) Act 2013*.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1:</p> <p>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</p>	
<p>Program 1.1 — Australian Taxation Office</p> <p>The ATO’s objective is to administer aspects of Australia’s tax and superannuation systems by:</p> <ul style="list-style-type: none"> • connecting with the community and other agencies in meaningful ways; • building a culture that embodies our values and transforms the client experience; • simplifying interactions, maximising automation, minimising red tape and reducing compliance costs; • using data in a smarter way to improve decisions services and compliance; • influencing policy and law design for more certain outcomes; • undertaking activities to ensure appropriate collection of revenue for Government to support and fund services for the community; and • reshaping the workforce and how we work, to optimise capability and performance. 	
<p>Delivery</p>	<p>The ATO effectively manages and shapes the tax and superannuation systems that support and fund services for Australians, by:</p> <ul style="list-style-type: none"> • collecting revenue; • administering the goods and services tax on behalf of the Australian States and Territories; and • administering major aspects of Australia’s superannuation system.
<p>Purpose (a)</p>	<p>The ATO mission is to contribute to the economic and social wellbeing of Australians by fostering willing participation through the delivery of our goals:</p> <ul style="list-style-type: none"> • making it easy for people to participate; • providing contemporary and tailored services; • maintaining purposeful and respectful relationships; and • being a professional and productive organisation.

Performance information		
Year	Performance criteria (b)	2016-17 and the forward estimates targets
2016-17 and beyond	Satisfaction — Community satisfaction with ATO performance	Latest result (2015-16): 74% Target 2017-18: 75% Target 2018-19 and beyond: As per 2017-18
	Culture — Level of employee engagement	Latest result (2015-16): 6.5 (out of 10) Target 2017-18: Greater than or equal to 6.5 Target 2018-19 and beyond: As per 2017-18
	Ease — People surveyed agree the ATO makes it easy to access services and information	Latest result (2015-16): 78% Target 2017-18: 75% Target 2018-19 and beyond: As per 2017-18
	Digital — Proportion of inbound interactions received digitally Digital — Proportion of inbound transactions received digitally for key services (Note: change to measure name for 2017-18)	Year-to-date result (31 December 2016): 92% Target 2017-18: 90% Target 2018-19 and beyond: As per 2017-18
	Compliance cost — Adjusted average cost of managing tax affairs Compliance cost — Adjusted median cost to individual taxpayers of managing their tax affairs (Note: change to measure name for 2017-18)	Latest result (2015-16): 3.6% reduction on prior year result Target 2017-18: Remain steady Target 2018-19 and beyond: As per 2017-18

Performance information		
Year	Performance criteria (b)	2016-17 and the forward estimates targets
	Registration — Proportion of companies and individuals registered in the system	<p>Year-to-date result (31 December 2016): remaining steady in both categories relative to 2015-16.</p> <p>Target 2017-18: The ATO aims to ensure that all entities that are required to participate in the tax and superannuation system are registered on the ATO client register.</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
2016-17 and beyond (continued)	Lodgment — Proportion of activity statements and income tax returns lodged on time	<p>Year-to-date result (31 December 2016): 85.6% Income tax returns, 78.2% Activity statements</p> <p>Target 2017-18: Income tax returns: 82.5% lodged on time Activity statements: 78.1% lodged on time</p> <p>Target 2018-19 and beyond: Income tax returns: 82.6% lodged on time in 2018-19, 82.7% lodged on time in 2019-20 Activity statements: As per 2017-18</p>
	Payment — Proportion of liabilities paid on time by value	<p>Year-to-date result (31 December 2016): 89.6%</p> <p>Target 2017-18: Overall 88%</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Superannuation — Adjusted employer superannuation contributions as a proportion of adjusted salary and wages	<p>Latest result (2015-16): 10.03%</p> <p>Target 2017-18: Trend target 10% (Statutory rate is 9.5%)</p> <p>Target 2018-19 and beyond: As per 2017-18</p>

Performance information		
Year	Performance criteria (b)	2016-17 and the forward estimates targets
	Tax assured — Proportion of the tax base where the ATO has justified trust that it is accurate	Year-to-date result: Under development Target 2017-18: Under development Target 2018-19 and beyond: Under development
	Audit yield — Cash collected from direct compliance activities	Latest result (2015-16): \$9.6 billion Target 2017-18: \$5.96 billion (Projected) Target 2018-19 and beyond: As per 2017-18
2016-17 and beyond (continued)	Total revenue effects — Tax revenue from all compliance activities	Year-to-date result: Under development Target 2017-18: Under development Target 2018-19 and beyond: Under development
	Debt — Ratio of collectable debt to net tax collections	Year-to-date result (31 December 2016): 5.4% Target 2017-18: Below 5.5% Target 2018-19 and beyond: As per 2017-18
	Budget — ATO manages its operating budget to balance	Latest result (2015-16): -0.8% Target 2017-18: +/-0.6% Target 2018-19 and beyond: As per 2017-18
	Cost of collection — Cost to collect net \$100	Latest result (2015-16): \$0.77 (gross), \$0.84 (net) Target 2017-18: Consistent with trend Target 2018-19 and beyond: As per 2017-18
	Fairness — Perceptions of fairness in disputes	Latest result (2015-16): 55% Target 2017-18: Not applicable, ceased in 2016-17
	Correct reporting — Tax gap as a proportion of revenue	Latest result (2015-16): GST gap of 6.5% Target 2017-18: Not applicable, ceased in 2016-17

Performance information		
Year	Performance criteria (b)	2016-17 and the forward estimates targets
	Expected revenue — Proportion of revenue collected compared with forecast	Latest result (2015-16): 4.1% below forecast Target 2017-18: Not applicable, ceased in 2016-17
	Expenditure — Tax administration expenditure as % of gross domestic product	Latest result (2015-16): 0.18% Target 2017-18: Not applicable, ceased in 2016-17
2016-17 and beyond (continued)	Expenditure — Non-tax expenditure as % of total expenditure	Latest result (2015-16): 5.7% Target 2017-18: Not applicable, ceased in 2016-17
	Cost per transaction	Latest result (2015-16): Under development Target 2017-18: Not applicable, ceased in 2016-17

(a) Refers to updated purposes that will be reflected in the 2017-18 Corporate Plan

(b) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.2 — Tax Practitioners Board	
<p>The Tax Practitioners Board (TPB) has general administration of the <i>Tax Agent Services Act 2009</i> (TASA) and is responsible for the regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers.</p> <p>The role of the TPB is to ensure that every entity that should be registered is registered, and to ensure the services provided by registered tax practitioners to the public are provided in accordance with appropriate standards of professional and ethical conduct.</p>	
Delivery	<p>The TPB engages and works collaboratively with key stakeholders to:</p> <ul style="list-style-type: none"> 1A Ensure the tax practitioner register is maintained and accessible to the public 1B Educate the public of the benefits of using tax practitioners and the risks of not doing so 2A Help and support tax practitioners to register, including administering a system for registration 2B Ensure eligibility requirements are met for initial and ongoing registration 3A Educate tax practitioners to understand their rights and obligations, including those listed under the Code of Professional Conduct (Code) 4A Maintain an effective complaints/referrals process for consumers, the public and other agencies, to detect, deter and respond to misconduct 4B Apply a targeted and strategic risk-based compliance approach to address errant behaviour to protect consumers 4C Take appropriate action to detect and deter unregistered entities from providing tax services 5A Ensure that the TPB is appropriately funded to undertake its statutory obligations 5B Ensure that the TPB is supported by a flexible, agile and capable workforce 5C Ensure that the TPB is enabled by and engaged with digital service delivery
Purposes (a)	<ul style="list-style-type: none"> 1. Consumers of tax practitioner services ensure the practitioner is registered 2. Every entity that should be registered as a tax practitioner is registered 3. Tax practitioners understand their obligations under the <i>Tax Agent Services Act 2009</i> 4. Tax practitioners comply with their obligations under the <i>Tax Agent Services Act 2009</i> 5. The TPB is recognised as an independent, efficient and effective regulator

Performance information		
Year	Performance criteria (b)	Targets
2016-17	Administer a system for the registration of tax agents, BAS agents and tax (financial) advisers (collectively known as tax practitioners) <ul style="list-style-type: none"> year-end forecast: Service standards will not have been maintained due to workload pressures 	Maintain and improve service standards.
	Maintain a public register of registered and deregistered tax practitioners <ul style="list-style-type: none"> year-end forecast: Public register has been available 99.9% of the time 	Meet 98% internal service standard.
	Maintain an effective complaints handling and review process <ul style="list-style-type: none"> year-end forecast: Complaints process is transparent and publicly accessible for both complainants and practitioners. 	Complaints process is transparent and publicly accessible for both complainants and practitioners.
	Action to deter non-compliant or illegal behaviour <ul style="list-style-type: none"> year-end forecast: All appropriate actions will have been taken to identify and remediate any non-compliant behaviour 	All actions taken in accordance with the law
	Number and types of sanctions applied. Year-end forecasts: <ul style="list-style-type: none"> 1% of reviewable sanctions varied by a Court or Tribunal decision 100% of case outcomes unvaried by review by the Inspector General of Taxation 	All sanctions applied in accordance with the law
	Improvement in the number of registration and renewal applications processed without requiring further applicant interaction. <ul style="list-style-type: none"> year-end forecast: 76% (86.5% for 2015-16) 	Improvement
	Proportion of complaints resolved within service standard <ul style="list-style-type: none"> year-end forecast: 	
	<ul style="list-style-type: none"> 95.9% of complaints received completed within 150 days 	80% of complaints received completed within 150 days
	<ul style="list-style-type: none"> 98% of complaints received completed within 210 days 	90% of complaints received completed within 210 days

Year	Performance criteria (b)	Targets
<p>2016-17 (continued)</p>	<p>Significant majority of registered tax practitioners have maintained appropriate professional indemnity insurance cover</p> <ul style="list-style-type: none"> • year-end forecast: 67.5% (65.8% for 2015-16) 	<p>Improvement</p>
	<p>Tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB</p> <ul style="list-style-type: none"> • year-end forecast: The responses to the majority of stakeholder interactions have been significantly positive. 	<p>No target identified</p>
	<p>Regular publication on the TPB website of guidance to registered tax practitioners on their rights and obligations</p> <ul style="list-style-type: none"> • year-end forecast: <ul style="list-style-type: none"> – 1 guidance webpage – 3 exposure drafts – 6 consultative forum reports – 5 information sheets – 12 news room articles – 1 decision tree tool 	<p>No target identified</p>
	<p>Maintain a public register of registered and deregistered tax practitioners</p>	<p>Meet 98% service standard of accuracy and uptime Increase in unique visits to the tax practitioner register</p>
<p>2017-18 and beyond</p>	<p>Financial advisers that provide a tax (financial) advice service are registered and shown on the register.</p> <ul style="list-style-type: none"> • Tax (financial) advisers that fail to renew their registration are informed that they must not continue offering or advertising tax (financial) adviser services, or representing themselves as being a tax (financial) adviser 	<p>100% of previously registered tax (financial) advisers are notified if they fail to renew</p>

Year	Performance criteria (b)	Targets
2017-18 and beyond (continued)	Tax practitioners receive ongoing education to understand their rights and obligations	
	<ul style="list-style-type: none"> The events and attendance of regular webinars, consultative forums, outreach activities, open forums, and publication of enews, guidance material, practice notes etc. 	Maintain or improve
	<ul style="list-style-type: none"> Feedback survey results on education initiatives and communication avenues, including on webpages regarding the relevance and usefulness of the content 	Majority of feedback is positive
	An effective complaints/referrals process for consumers, the public and other agencies, to detect, deter and respond to misconduct	
	<ul style="list-style-type: none"> % of all registered practitioners subject to breach finding 	<3% of tax practitioners are subject to a breach finding
	<ul style="list-style-type: none"> % of TPB complaints subject to oversight from the Inspector General of Taxation (IGoT) 	<1% of complaints are subject to oversight from the IGoT

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(b) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

<p>Program 1.3 — Australian Business Register</p> <p>The Commissioner of Taxation is also the Registrar of the Australian Business Register (ABR). The Registrar has separate and distinct responsibilities as outlined in section 28 of the <i>A New Tax System (Australian Business Number) Act 1999</i>.</p> <p>The ABR contributes to improving the wellbeing of Australian people by facilitating the use of integrated digital services, technologies and processes to reduce administrative costs for business.</p> <p>The ABR program encompasses:</p> <ul style="list-style-type: none"> • The ABR: a comprehensive national business dataset; • AUSkey: a secure authentication system giving business easy-to-use access to online Government services; and • Standard Business Reporting (SBR): SBR defines a common language for business information and standards for electronic information sharing. It is used in business record-keeping software to support running the business and reduce the burden of reporting to Government. 	
<p>Delivery</p>	<p>The ABR program works with Government, software developers, the business community and other key stakeholders in facilitating more streamlined online interactions between business and Government and ultimately business and business. This will be achieved through increased use of a complete and single source of business information and broader adoption and use of consistent information exchange standards.</p>
<p>Purposes (a)</p>	<p>The ABR program contributes to improving the wellbeing of the Australian people through enhanced business productivity by:</p> <ul style="list-style-type: none"> • reducing the administrative cost to business in their dealings with other businesses and in complying with Government regulation • influencing Government policy development and implementation, through advocating the use of whole-of-Government services, technologies and processes to minimise the administrative impact on business • encouraging the broader use of the national business register information, and the ABN as the key identifier for business.

Performance information		
Year	Performance criteria (b)	2016-17 and the forward estimates targets
2016-17 and beyond	<p>Increased use of the ABR as the national business dataset by Government agencies and the community</p> <p>Increased use of the ABR as the source of national business information by Government agencies and the community</p> <p>(Note: change to measure name for 2017-18)</p>	<p>Latest result (2015-16): 140 Government agencies using <i>ABR Explorer</i> 590 million ABN Lookup searches</p> <p>Target 2017-18: <u>Agencies</u> Explorer — 300 Connect — 9 <u>Community</u> Lookup — 750 million</p> <p>Target 2018-19 and beyond: <u>Agencies</u> Explorer 540 Connect 12 <u>Community</u> Lookup — 3.186 billion</p>
	<p>Reduction in the unintended administrative costs to business of complying with Government regulation</p> <p>Reduction in the administrative cost to businesses and Government in dealing with each other</p> <p>(Note: change to measure name for 2017-18)</p>	<p>Latest result (2015-16): \$1.2 billion</p> <p>Target 2017-18: \$1.54 billion</p> <p>Target 2018-19 and beyond: \$4.7 billion</p>
2016-17 and beyond (continued)	<p>Increase in the number of Government agencies using the ABR database as their own</p>	<p>Latest result (2015-16): Performance criteria not included in 2015-16</p> <p>Target 2017-18: Not applicable, ceased in 2016-17</p>
	<p>Increase in the number of Government agencies implementing and using SBR</p>	<p>Latest result (2015-16): Performance criteria not included in 2015-16</p> <p>Target 2017-18: Not applicable, ceased in 2016-17</p>
	<p>Australian residents ABR registrations finalised in 20 business days</p>	<p>Latest result (2015-16): Performance criteria not included in 2015-16</p> <p>Target 2017-18: Not applicable, ceased in 2016-17</p>

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<p>Program 1.4 — Australian Charities and Not-for-profits Commission</p> <p>The Australian Charities and Not for profits Commission (ACNC) is the independent national regulator of charities. The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers set out in the <i>Australian Charities and Not-for-profits Act 2012</i> (Cth) (ACNCs Act), the <i>Charities Act 2013</i> (Cth) (the Charities Act) and accompanying regulations. The ACNC contributes to a charity sector that inspires confidence and respect by:</p> <ul style="list-style-type: none"> • Adopting best practice in regulation and delivering effective regulatory services; • Collecting data that is securely stored, populates the register for public access and to share with authorized partners; • Working collaboratively across Government to reduce the administrative burden on charities; • Building systems and processes that support quality, efficient and effective interactions with customers; • Sustaining an independent, transparent and well governed agency with a positive culture and strong customer service ethos. 		
<p>Delivery</p>	<p>The ACNC effectively managed a regulatory system for the Australian charitable sector by:</p> <ul style="list-style-type: none"> • registering eligible not-for-profit entities as charities in accordance with the <i>ACNC Act</i> and the <i>Charities Act</i>. • providing information, guidance and advice to about good governance practices and to assist charities meet their obligations to maintain charity registration. • assess concerns raised about registered charities, investigate where appropriate and initiate compliance action against charities that contravene the <i>ACNC Act</i> or Governance Standards. • working with other Government agencies (Commonwealth, state and territory) to reduce red tape on charities and align regulatory obligations through various mechanisms, including the ACNC's Charity Passport. 	
<p>Purposes (a)</p>	<ul style="list-style-type: none"> • to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector; • to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; • to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria (b)</p>	<p>Targets / Forecasts</p>
<p>2016-17</p>	<p>Maintaining and enhancing public trust and confidence in charities by ensuring:</p>	
	<ul style="list-style-type: none"> • registered charities meet their Annual Information Statement reporting obligations 	<p>Target: 95% of all charities complete their Annual Information Statement</p>
	<ul style="list-style-type: none"> • charities identified as no longer entitled to registration are removed from the register 	<p>Target: 100% of charities that are assessed as no longer entitled to be registered are removed from the register</p>

Performance information		
Year	Performance criteria (b)	Targets / Forecasts
	<ul style="list-style-type: none"> charity registration applications are processed according to published service standards 	Target: Applications are processed within the agreed service standards published on the ACNC website
	<ul style="list-style-type: none"> concerns raised about charities are processed according published service standards 	Target: Compliance processes complaints according to the agreed service standards published on the ACNC website
2016-17 (continued)	Supporting charities to be healthy and sustainable by ensuring:	
	<ul style="list-style-type: none"> enquiries are responded to according to published service standards 	Target: Enquiries are responded to within the agreed service standards published on the ACNC website
	<ul style="list-style-type: none"> targeted guidance is developed to meet the needs of charities 	Target: Met
	<ul style="list-style-type: none"> charity Annual Information Statement data is analysed and at least one report is published to demonstrate the contribution Australian charities make to the community 	Target: Met
	Making it easier for charities by driving regulatory and reporting simplification:	
	<ul style="list-style-type: none"> where possible agreements are negotiated with state and territory agencies to work towards harmonising regulatory and reporting obligations for charities 	Target: Demonstrated progress
	<ul style="list-style-type: none"> reporting for charities in highly regulated education, health, aged care and disability sectors is simplified and duplication eliminated wherever possible 	Target: Demonstrated progress
	Developing an independent, transparent and well-governed organisation which is enhanced by a positive culture will be demonstrated by:	
	<ul style="list-style-type: none"> employee census results improving each year it is conducted 	Target: Improvement
	<ul style="list-style-type: none"> implementing a cloud hosting system to improve IT system performance 	Target: Implemented

Performance information		
Year	Performance criteria (b)	Targets / Forecasts
2017-18 and beyond	Maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector	
	Meet published service standards for processing registration applications and finalising investigations	Target: met
	Registered charities meet their obligations to lodge an AIS	Target: 80% of charities lodge their AIS on time
	Charities with two outstanding Annual Information Statements (AIS) are removed from the charity register biannually	Target: 100%
2017-18 and beyond (continued)	Maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector	
	Information provided by charities in Annual Information Statements is analysed for accuracy	Targets: <ul style="list-style-type: none"> • 100% of financial information submitted in the AIS's (excluding AFRs) is examined for material errors • Charities that collectively hold 80% of the sectors revenue and/or assets are each manually reviewed to confirm compliance with reporting requirements. • At least 150 annual financial reports are examined for detailed review to confirm compliance with reporting requirements
	Recognition by the Australian public of the ACNC as a primary source of information about charities increases	Targets: <ul style="list-style-type: none"> • Public trust and confidence survey finds increasing recognition of the ACNC and its role • Charity Register and website use increases by 10%
	An internal review of the effectiveness of the ACNC legislation to enable the ACNC to achieve the objects of the Act is completed	Target: met

Performance information		
Year	Performance criteria (b)	Targets / Forecasts
	Support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector	
	Decisions are evidence based, consistent and transparent	Target: Quality assurance processes demonstrate decisions align with the regulatory approach and are legally sound
	Information, guidance and advice provided to charities to help them understand their obligations and support good governance is timely accurate and accessible	Targets: <ul style="list-style-type: none"> • Enquiries are responded to according to the published service standards • Quality assurance reviews of advice provided by staff meets a 75% or higher rating
	Data about charities collected by the ACNC is compiled and published in comprehensive reports about the contribution charities make to society	Targets: <ul style="list-style-type: none"> • At least one report is released to the public analysing AIS data • Open source data about registered charities is up to date and available on data.gov.au
2017-18 and beyond (continued)	Promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector	
	Improve data exchange arrangements to reduce red tape by simplifying and streamlining reporting for charities in highly regulated sectors and aligning obligations for state and territory regulated charities to enable report once-use-often reportings for the purposes of: <ul style="list-style-type: none"> • State revenue • Fundraising • Incorporation 	Target: The Regulator Performance Framework demonstrates a reduction in red tape for charities

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(b) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Programs 1.5 — 1.18 Administered programs	
The ATO administers a range of payments and transfers on behalf of the Australian Government, including incentives and rebates delivered through the taxation and superannuation systems.	
Delivery	Administered programs may be administered by the ATO with policy and delivery assistance from other Commonwealth agencies, or directly through the taxation and superannuation systems.
Purpose (a)	The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.

Performance information		
Program 1.5 — Australian Screen Production Incentive		
<p>The Australian Screen Production Incentive comprises three refundable film tax offsets: the Producer Offset, the Location Offset, and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions. The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the program. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of tax offsets processed	<p>Latest result (2015-16): \$325.2 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Number of tax offsets processed	<p>Latest result (2015-16): 206</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
2016-17 and beyond (continued)	Number of tax offsets issued compared to the number of tax offset entitlements	<p>Latest result (2015-16): Issued: 206, Entitled: 286</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Value of tax offsets issued compared to the value of tax offset entitlements	<p>Latest result (2015-16): Issued: \$325.2 million, Entitled: \$388.1 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.6 — Exploration Development Incentive		
The Exploration Development Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders	Latest result (2015-16): Yes — provided before target date of 31 December 2015 Target 2017-18: By 31 December 2017. Target 2018-19 and beyond: As per 2017-18
	Value of exploration expenditure sought to be converted into credits before ATO applies statutory cap on total credits	Latest result (2015-16): \$70.3 million Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Number of applications made by mining exploration companies	Latest result (2015-16): 84 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.7 — Fuel Tax Credits Scheme		
<p>The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:</p> <ul style="list-style-type: none"> • business activities in machinery, plant and equipment and heavy vehicles; • the domestic generation of electricity by taxpayers not in business. 		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of claims	<p>Latest result (2015-16): \$6.1 billion</p> <p>Target 2017-18: The ATO aims to administer the scheme in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Number of registered participants	<p>Latest result (2015-16): 231,591</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of payments processed within service standard timeframes	<p>Latest result (2015-16): 99%</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.8 — National Rental Affordability Scheme

The Department of Social Services has policy responsibility for the National Rental Affordability Scheme. The objectives are to:

- increase the supply of new affordable rental housing;
- reduce rental costs for low and moderate income households — National Rental Affordability Scheme homes rented to eligible tenants at a rate that is at least 20 per cent below the market value rent; and
- encourage large-scale investment and innovative delivery of affordable housing through the provision of the following incentives:
 - an Australian Government incentive per dwelling per year as a tax offset or direct payment; and
 - a State or Territory Government incentive as a direct payment per dwelling per year or in-kind financial support.

Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of tax offsets processed	Latest result (2015-16): \$122.0 million Target 2017-18: The ATO aims to administer the scheme in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Number of tax offsets processed	Latest result (2015-16): 27,305 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
2016-17 and beyond (continued)	Ratio of claims made through the ATO compared to the Department of Social Services	Latest result (2015-16): 3:1 (approx.) Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.9 — Product Stewardship for Oil		
<p>The objective of the Product Stewardship for Oil Program is to:</p> <ul style="list-style-type: none"> • provide incentives to increase used oil recycling; and • encourage the environmentally sustainable management and re-refining of used oil and its re-use. <p>These objectives are met through the payment of a levy on producers and importers of petroleum based oils and their synthetic equivalents. Benefits are paid to oil recyclers as an incentive to undertake increased recycling of used oil.</p> <p>The Department of the Environment has policy responsibility for the program, with the ATO administering the program on its behalf.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of payments processed	<p>Latest result (2015-16): \$62.7 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Value of revenue collected	<p>Latest result (2015-16): \$29.3 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Number of claims processed	<p>Latest result (2015-16): 530</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Number of participants registered	<p>Latest result (2015-16): 41</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of payments processed within service standard timeframes	<p>Latest result (2015-16): 93%</p> <p>Target 2017-18: Not applicable ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.10 — Research and Development Tax Incentive

The Research and Development (R&D) Tax Incentive is an ongoing scheme designed to increase the level of research and development being conducted by Australian companies.

The Department of Industry has the primary policy responsibility for the program with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.

The ATO has an important supporting role in processing claims through the tax system for the R&D offset.

Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of claims processed for 38.5% non-refundable research and development tax offset claimants	Latest result (2015-16): \$4.3 billion tax offset paid Target 2017-18: The ATO aims to administer the program in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Value of claims processed for 43.5% refundable research and development tax offset claimants	Latest result (2015-16): \$2.5 billion tax offset paid Target 2017-18: The ATO aims to administer the program in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Number of claims processed for 38.5% non-refundable research and development tax offset claimants	Latest result (2015-16): 1,515 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Number of claims processed for 43.5% refundable research and development tax offset claimants	Latest result (2015-16): 10,608 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Proportion of offsets processed within service standard timeframes	Latest result (2015-16): 33.9% Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.11 — Low Income Superannuation Tax Offset		
<p>The Low Income Superannuation Tax Offset is aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages. The program started from the 2012-13 income year and prior to 2017-18 was called the Low Income Superannuation Contribution.</p> <p>The Bill to repeal low income superannuation contributions came into effect on 5 September 2014. The offset will continue to be payable for concessional contributions made up to and including the 2016-17 year, however, determinations will cease at 1 July 2019.</p> <p>The Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through advice and education services.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of entitlements paid	<p>Latest result (2015-16): \$788.0 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Number of beneficiaries of entitlements determined	<p>Latest result (2015-16): 3.1 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Value of entitlements determined	<p>Latest result (2015-16): \$798.5 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of original contributions paid within 60 days	<p>Latest result (2015-16): 100%</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.12 — Private Health Insurance Rebate		
<p>The objective of the Private Health Insurance Rebate is to provide access to a benefit to eligible individuals with private health insurance and to act as an incentive to take up private health insurance.</p> <p>The Department of Health has policy responsibility for the program, and the administration of the program is split between the ATO, the Department of Human Services and registered health insurers, depending on the claim method.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of rebates processed	<p>Latest result (2015-16): \$247.5 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Liability imposed on, lodging eligible individuals	<p>Latest result (2014-15): \$551.8 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Number of claims processed	<p>Latest result (2015-16): 660,087</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of private health insurance rebates claimed through the tax system	<p>Latest result (2014-15): \$225.5 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.13 — Superannuation Co-contribution Scheme		
<p>The Superannuation Co-contribution Scheme is to help low and middle income earners save for their retirement. Eligible individuals who make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the Government up to certain limits.</p> <p>The Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through marketing and education services.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of entitlements paid	<p>Latest result (2015-16): \$154.2 million</p> <p>Target 2017-18: The ATO aims to administer the scheme in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Value of entitlements determined	<p>Latest result (2015-16): \$153.8 million</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Number of beneficiaries of entitlements determined	<p>Latest result (2015-16): 488,037</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of original co contributions paid within 60 days	<p>Latest result (2015-16): 98.8%</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.14 — Superannuation Guarantee Scheme Under the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA), most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account. Non-compliance with the SGAA by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement.		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result	Latest result (2015-16): 10,761 liability raised; 4,120 no result Target 2017-18: The ATO aims to administer the scheme in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures	Latest result (2015-16): 94,963 compliance activities; 111,518 voluntary disclosures Target 2017-18: The ATO aims to administer the scheme in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Number of employers whose records are checked and the number leading to a superannuation liability being raised	Latest result (2015-16): 18,614 Target 2017-18: The ATO aims to administer the scheme in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Proportion of employers for whom superannuation guarantee liabilities were raised by the ATO	Latest result (2015-16): 1.5% Target 2017-18: The ATO aims to administer the scheme in accordance with the law Target 2018-19 and beyond: As per 2017-18

Year	Performance criteria (a)	2016-17 and the forward estimates targets
	Value of superannuation guarantee charge: <ul style="list-style-type: none"> • raised (including penalties and interest) • collected 	Latest result (2015-16): \$670.4 million raised; \$341.3 million collected Target 2017-18 (raised): \$613 million 2018-19 \$648 million 2019-20 \$653 million 2020-21 \$674 million Target 2017-18 (collected): \$315 million Target 2018-19 and beyond: 2018-19 \$326 million 2019-20 \$319 million 2020-21 \$329 million
2016-17 and beyond (continued)	Value of superannuation guarantee entitlements distributed to individuals or superannuation funds	Latest result (2015-16): \$373.3 million Target 2017-18: \$329 million Target 2018-19 and beyond: 2018-19 \$323 million 2019-20 \$334 million 2020-21 \$345 million
	Value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue	Latest result (2015-16): \$1.36 billion debt on hand; \$124.4 million not pursued Target 2017-18: \$1.7 billion debt on hand; \$118 million not pursued Target 2018-19 and beyond: \$2.4 billion debt on hand; \$131 million not pursued

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.15 — Targeted Assistance Through the Taxation system		
<p>Under the <i>Superannuation (Unclaimed Money and Lost Members) Act 1999</i>, superannuation funds must identify certain types of lost and former temporary resident accounts as unclaimed superannuation money and transfer amounts to the ATO every six months.</p> <p>Since 1 July 2013, any unclaimed superannuation money payments from the ATO to individuals includes interest, at a rate equivalent to the consumer price index, to preserve the value of these accounts. While the Treasury has policy responsibility, the ATO administers the program.</p>		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of interest payments processed	<p>Latest result (2015-16): \$10.8 million</p> <p>Target 2017-18: The ATO aims to administer the program in accordance with the law</p> <p>Target 2018-19 and beyond: As per 2017-18</p>
	Number of interest payments processed	<p>Latest result (2015-16): 347,146</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>
	Proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred	<p>Latest result (2015-16): 100%</p> <p>Target 2017-18: Not applicable, ceased as PBS measure in 2016-17</p>

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.16 — Interest on Overpayment and Early Payments of Tax The objective of the program is to apply credit interest to taxpayers' accounts where they are entitled under the law. The application of credit interest is non-discretionary where an entitlement exists under the <i>Taxation (Interest on Overpayments and Early Payments) Act 1983</i> . Administered interest regimes include:		
<ul style="list-style-type: none"> • interest on overpayments of tax; • delayed refund interest; and • interest on early payments of tax. 		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Value of credit interest applied to client accounts due to processing performance	Latest result (2015-16): \$51.9 million Target 2017-18: The ATO aims to administer the program in accordance with the law Target 2018-19 and beyond: As per 2017-18
	Number of clients entitled to credit interest due to processing performance	Latest result (2015-16): 650,879 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Proportion of credit interest paid due to processing performance compared to all credit interest paid	Latest result (2015-16): 28.4% Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.17 — Bad and Doubtful Debts

The primary objective of the program is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.

The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with Australian Accounting Standards, creates an impairment allowance provision for this amount. This provision is one of the amounts offset against the gross total taxation receivables to determine the net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.

Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Provision for bad and doubtful debts as a proportion of total tax receivables	Latest result (2015-16): 36% Target 2017-18: Below 35% Target 2018-19 and beyond: As per 2017-18

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Program 1.18 — Other Administered

Other administered includes the Cleaner Fuels Grant Scheme, the Conservation Tillage Refundable Tax Offset, the Seafarer Tax Offset, the Education Tax Refund and the First Home Saver Accounts Scheme.

For the **Cleaner Fuels Grant Scheme** no claim can be made after 30 June 2016.

The **Conservation Tillage Refundable Tax Offset** is part of the Carbon Farming Futures Program, which was established to help farmers and landholders benefit from carbon farming. The Government has abolished the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.

The **Seafarer Tax Offset** commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers. A Bill to abolish the Seafarer Tax Offset was tabled in Parliament, but has now lapsed. There has been no Government announcement on the future of the Seafarer Tax Offset since the lapsing of the Bill.

The objective of the **Education Tax Refund** was to provide eligible claimants access to a benefit to assist with the cost of educating primary and secondary school children. All expenses arising from the Education Tax Refund have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

The **First Home Saver Accounts Scheme** aimed to increase the proportion of homes being purchased by first home buyers by helping them to save a deposit and supporting national savings levels through a combination of lower taxes and a Government contribution. These accounts were offered by eligible financial institutions. Administration of the First Home Saver Accounts Scheme was split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission. The First Home Saver Account Scheme was effectively closed 1 July 2015 with residual payments continuing through to 30 June 2017.

Cleaner Fuels Grant Scheme

Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	Number of claims processed	Latest result (2015-16): 33 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Number of participants registered	Latest result (2015-16): 32 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Value of payments processed	Latest result (2015-16): \$17.3 million Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

Cleaner Fuels Grant Scheme		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
	Proportion of payments processed within service standard timeframes	Latest result (2015-16): 45% Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
Seafarer Tax Offset		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17 and beyond	All eligible taxpayers are aware of how to claim the offset	Latest result (2015-16): 100% Target 2017-18: 100% Target 2018-19 and beyond: As per 2017-18
	Value of tax offsets processed	Latest result (2015-16): \$0 million Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Number of tax offsets processed	Latest result (2015-16): 0 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

First Home Saver Accounts Scheme		
Year	Performance criteria (a)	2016-17 and the forward estimates targets
2016-17	Proportion of Government contributions paid to eligible account holders within 60 days	Latest result (2015-16): 0 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Number of Government contributions paid	Latest result (2015-16): 0 Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Value of Government contributions paid	Latest result (2015-16): \$1.8 million Target 2017-18: Not applicable, ceased as PBS measure in 2016-17
	Value of account balances	Latest result (2015-16): \$0.1 million Target 2017-18: Not applicable, ceased as PBS measure in 2016-17

(a) New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

Departmental comprehensive income statement (Table 3.1)

ATO is budgeting for a balanced operating result in 2017-18, before allowing for unfunded depreciation expenses of \$174.4 million. Under net cash funding arrangements, asset replacement is funded through capital appropriation.

Total operating revenue for 2017-18 is estimated at \$3.3 billion while expenditure is estimated to be \$3.5 billion, inclusive of unfunded depreciation. These budgeted amounts have increased since the 2016-17 Additional Estimates mainly due to new Budget expense measures, changes in own-source income and indexation movements.

Departmental balance sheet (Table 3.2)

ATO's budgeted net assets as at 30 June 2018 is expected to be \$241.8 million. Net assets have increased by \$6.0 million since 2016-17 Additional Estimates mainly due to an increase in contributed equity as a result of new capital measures.

Departmental cash flow (Table 3.4)

The cashflow in 2017-18 has been changed since the 2016-17 Additional Estimates, mainly due to new Budget measures, changes in expenses, movement of capital expenditure and changes in own-source revenue.

Departmental Capital Budget Statement (Table 3.5)

Total capital appropriations in 2017-18 have increased by \$5.8 million since the 2016-17 Additional Estimates, as a net result of new capital measures and indexation movements.

Total purchase of non-financial assets in 2017-18 have increased by \$30.0 million since the 2016-17 Additional Estimates, primarily due to movement of capital expenditure and new capital measures.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	1,839,256	1,879,652	1,844,992	1,811,959	1,714,729
Suppliers	1,484,813	1,445,744	1,325,770	1,243,519	1,144,588
Depreciation and amortisation	170,681	174,355	177,997	181,831	185,743
Total expenses	3,494,750	3,499,751	3,348,759	3,237,309	3,045,060
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	122,579	122,000	126,806	129,892	134,217
Other	3,693	3,693	3,693	3,693	3,693
Total own-source revenue	126,272	125,693	130,499	133,585	137,910
Net (cost of)/contribution by services	(3,368,478)	(3,374,058)	(3,218,260)	(3,103,724)	(2,907,150)
Revenue from Government	3,197,797	3,199,703	3,040,263	2,921,893	2,721,407
Surplus/(deficit) attributable to the Australian Government	(170,681)	(174,355)	(177,997)	(181,831)	(185,743)
Total comprehensive income/(loss) attributable to the Australian Government	(170,681)	(174,355)	(177,997)	(181,831)	(185,743)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	170,681	174,355	177,997	181,831	185,743
Total comprehensive income/(loss) - as per the statement of comprehensive income	(170,681)	(174,355)	(177,997)	(181,831)	(185,743)

Prepared on Australian Accounting Standards basis

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	63,566	63,566	63,566	63,566	63,566
Trade and other receivables	406,547	390,230	393,948	412,286	419,289
Total financial assets	470,113	453,796	457,514	475,852	482,855
Non-financial assets					
Land and buildings	231,834	258,496	291,462	287,144	270,914
Property, plant and equipment	66,546	58,972	51,085	42,898	34,394
Intangibles	498,953	479,939	396,298	345,517	308,041
Other non-financial assets	108,611	102,515	96,903	93,497	90,620
Total non-financial assets	905,944	899,922	835,748	769,056	703,969
Assets held for sale					
Total assets	1,376,057	1,353,718	1,293,262	1,244,908	1,186,824
LIABILITIES					
Payables					
Employees	21,818	21,902	21,685	38,036	44,170
Suppliers	332,476	328,378	322,294	316,564	312,443
Other payables	106,132	104,823	102,881	101,051	99,735
Total payables	460,426	455,103	446,860	455,651	456,348
Provisions					
Employee provisions	612,398	632,175	641,069	650,016	656,529
Other provisions	27,206	24,683	22,138	19,332	16,248
Total provisions	639,604	656,858	663,207	669,348	672,777
Total liabilities	1,100,030	1,111,961	1,110,067	1,124,999	1,129,125
Net assets	276,027	241,757	183,195	119,909	57,699
EQUITY*					
Contributed equity	1,453,371	1,593,456	1,712,891	1,831,436	1,954,969
Reserves	115,542	115,542	115,542	115,542	115,542
Retained surplus (accumulated deficit)	(1,292,886)	(1,467,241)	(1,645,238)	(1,827,069)	(2,012,812)
Total equity	276,027	241,757	183,195	119,909	57,699

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(1,292,886)	115,542	1,453,371	276,027
Opening balance	(1,292,886)	115,542	1,453,371	276,027
Comprehensive income				
Surplus/(deficit) for the period	(174,355)	-	-	(174,355)
Total comprehensive income	(174,355)	-	-	(174,355)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriation	-	-	27,496	27,496
Departmental capital budget (DCB)	-	-	112,589	112,589
Total transactions with owners	-	-	140,085	140,085
Closing balance attributable to the Australian Government	(1,467,241)	115,542	1,593,456	241,757

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,183,052	3,180,213	3,034,375	2,901,107	2,710,391
Receipts from Government	287,990	284,441	282,654	282,869	284,241
Sale of goods and rendering of services	128,695	128,294	133,434	136,658	141,123
Net GST received	133,662	127,757	119,202	110,840	100,983
Total cash received	3,733,399	3,720,705	3,569,665	3,431,474	3,236,738
Cash used					
Employees	1,840,436	1,860,669	1,836,501	1,786,508	1,700,672
Suppliers	1,604,973	1,575,595	1,450,510	1,362,097	1,251,825
s74 Retained revenue receipts transferred to OPA	287,990	284,441	282,654	282,869	284,241
Total cash used	3,733,399	3,720,705	3,569,665	3,431,474	3,236,738
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	51,276	59,671	66,510	29,819	18,500
Purchase of financial instruments	124,646	114,758	52,925	88,726	105,033
Total cash used	175,922	174,429	119,435	118,545	123,533
Net cash from/(used by) investing activities	(175,922)	(174,429)	(119,435)	(118,545)	(123,533)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	175,922	174,429	119,435	118,545	123,533
Total cash received	175,922	174,429	119,435	118,545	123,533
Net cash from/(used by) financing activities	175,922	174,429	119,435	118,545	123,533
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	63,566	63,566	63,566	63,566	63,566
Cash and cash equivalents at the end of the reporting period	63,566	63,566	63,566	63,566	63,566

Prepared on Australian Accounting Standards basis.

Table 3.5 Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	111,619	112,589	112,101	112,407	117,485
Equity injections - Bill 2	54,790	27,496	7,334	6,138	6,048
Total new capital appropriations	166,409	140,085	119,435	118,545	123,533
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>166,409</i>	<i>140,085</i>	<i>119,435</i>	<i>118,545</i>	<i>123,533</i>
Total items	166,409	140,085	119,435	118,545	123,533
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	66,249	61,840	7,334	6,138	6,048
Funded by capital appropriation - DCB (b)	109,673	112,589	112,101	112,407	117,485
TOTAL	175,922	174,429	119,435	118,545	123,533

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Buildings \$'000	Property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	266,728	83,743	1,436,351	1,786,822
Accumulated depreciation/ amortisation and impairment	(34,894)	(17,197)	(937,398)	(989,489)
Opening net book balance	231,834	66,546	498,953	797,333
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	10,292	-	51,548	61,840
By purchase - appropriation ordinary annual services	43,057	6,322	63,210	112,589
Total additions	53,349	6,322	114,758	174,429
Other movements				
Depreciation/amortisation expense	(26,687)	(13,896)	(133,772)	(174,355)
Total other movements	(26,687)	(13,896)	(133,772)	(174,355)
As at 30 June 2018				
Gross book value	320,077	90,065	1,551,109	1,961,251
Accumulated depreciation/ amortisation and impairment	(61,581)	(31,093)	(1,071,170)	(1,163,844)
Closing net book balance	258,496	58,972	479,939	797,407

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Suppliers	959	5,876	598	354	-
Subsidies	9,689,100	9,963,973	10,355,372	10,931,592	11,672,628
Personal benefits	1,209,900	1,191,000	1,188,000	1,172,000	1,153,000
Interest	165,000	165,000	165,000	165,000	165,000
Write-down and impairment of assets	6,855,695	7,273,000	7,521,000	7,862,000	7,918,000
Other expenses	331,000	324,000	318,000	329,000	341,000
Total expenses administered on behalf of Government	18,251,654	18,922,849	19,547,970	20,459,946	21,249,628
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	280,751,761	302,727,369	323,455,547	350,573,258	372,521,470
Indirect tax	85,310,000	89,450,000	93,050,000	96,850,000	102,370,000
Other taxes	879,100	2,521,000	2,674,300	2,782,800	2,903,500
Total taxation revenue	366,940,861	394,698,369	419,179,847	450,206,058	477,794,970
Non-taxation revenue					
Other revenue	491,000	300,000	305,000	305,000	300,000
Total non-taxation revenue	491,000	300,000	305,000	305,000	300,000
Total own-sourced income administered on behalf of Government	367,431,861	394,998,369	419,484,847	450,511,058	478,094,970
Net (cost of)/ contribution by service	349,180,207	376,075,520	399,936,877	430,051,112	456,845,342

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	300,427	300,427	300,427	300,427	300,427
Taxation receivables	19,993,742	22,821,557	25,220,587	27,630,617	29,370,617
Accrued revenues	14,176,201	14,726,201	15,211,201	15,496,201	16,301,201
Total financial assets	34,470,370	37,848,185	40,732,215	43,427,245	45,972,245
Total assets administered on behalf of Government					
	34,470,370	37,848,185	40,732,215	43,427,245	45,972,245
LIABILITIES					
Payables					
Subsidies	21,636	21,636	21,636	21,636	21,636
Personal benefits	29,501	29,501	29,501	29,501	29,501
Other payables	810,992	826,692	820,592	814,492	825,392
Total payables	862,129	877,829	871,729	865,629	876,529
Provisions					
Subsidies	4,300,331	4,536,568	4,776,767	5,081,887	5,446,323
Personal benefits	1,311,413	1,314,413	1,310,413	1,299,413	1,287,413
Taxation refunds provided	2,279,621	2,279,621	2,279,621	2,279,621	2,279,621
Other provisions	1,433,353	1,324,353	1,256,353	1,207,353	1,178,353
Total provisions	9,324,718	9,454,955	9,623,154	9,868,274	10,191,710
Total liabilities administered on behalf of Government					
	10,186,847	10,332,784	10,494,883	10,733,903	11,068,239
Net assets/(liabilities)	24,283,523	27,515,401	30,237,332	32,693,342	34,904,006

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	357,478,026	383,645,554	408,400,517	439,280,228	466,954,470
Other	1,103,500	697,900	694,300	707,900	736,500
Total cash received	358,581,526	384,343,454	409,094,817	439,988,128	467,690,970
Cash used					
Subsidies paid	9,452,124	9,727,736	10,115,173	10,626,472	11,308,192
Personal benefits	1,173,800	1,188,000	1,192,000	1,183,000	1,165,000
Payment to suppliers	959	5,876	598	354	-
Interest	165,000	165,000	165,000	165,000	165,000
Other	454,700	413,200	407,100	418,200	418,100
Total cash used	11,246,583	11,499,812	11,879,871	12,393,026	13,056,292
Net cash from operating activities	347,334,943	372,843,642	397,214,946	427,595,102	454,634,678
Net increase in cash held	347,334,943	372,843,642	397,214,946	427,595,102	454,634,678
Cash and cash equivalents at beginning of reporting period	300,427	300,427	300,427	300,427	300,427
Cash from Official Public Account for:					
- Appropriations	11,205,883	11,487,612	11,866,771	12,380,826	13,055,192
- Special accounts	40,700	12,200	13,100	12,200	1,100
Total cash from Official Public Account	11,246,583	11,499,812	11,879,871	12,393,026	13,056,292
Cash to Official Public Account for:					
- Administered receipts	(358,533,026)	(384,315,554)	(409,073,517)	(439,970,228)	(467,677,470)
- Special accounts	(48,500)	(27,900)	(21,300)	(17,900)	(13,500)
Total cash to Official Public Account	(358,581,526)	(384,343,454)	(409,094,817)	(439,988,128)	(467,690,970)
Cash and cash equivalents at end of reporting period	300,427	300,427	300,427	300,427	300,427

Prepared on Australian Accounting Standards basis.

COMMONWEALTH GRANTS COMMISSION

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COMMONWEALTH GRANTS COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Commonwealth Grants Commission (the Commission) operates under the *Commonwealth Grants Commission Act 1973*. It is a statutory authority whose role is to provide advice to the Australian Government in response to terms of reference.

The main subject on which the advice is sought is the allocation among the States of the goods and services tax (GST) revenue. Terms of reference for these inquiries are decided by the Australian Government in consultation with the States. The reports are considered at a meeting of the Council on Federal Financial Relations.

From time to time, the Commission is also asked to report on the finances of Australia's external territories, local Government matters and the financing of services for Indigenous people. Terms of reference for those inquiries are developed by relevant Australian Government entities and the reports are considered by their Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Commission for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and departmental (for the Commission's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Commonwealth Grants Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	4,841	4,841
Departmental appropriation	6,203	6,126
Departmental capital budget (c)	63	62
<i>Total departmental annual appropriations</i>	<i>11,107</i>	<i>11,029</i>
Total departmental resourcing	11,107	11,029
Total resourcing for the Commonwealth Grants Commission	11,107	11,029
	<i>2016-17</i>	<i>2017-18</i>
Average staffing level (number)	30	30

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2017-18.

(b) Excludes \$5,000 subject to quarantine by Department of Finance or withheld under section 51 of the PGPA Act 2013.

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

The Commonwealth Grants Commission does not have any new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Commission's outcome is described below together with its related program. The following provides detailed information on expenses for its outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Commission can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants.

Note: Recent terms of reference for the Commission have not required advice and recommendations on health care grants.

Budgeted expenses for Outcome 1

The table below shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome broken down by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Commonwealth Grants Commission					
Departmental expenses					
Departmental appropriation (a)	6,203	6,126	6,086	6,083	6,106
Expenses not requiring appropriation in the Budget year (b)	98	97	97	97	95
Departmental total	6,301	6,223	6,183	6,180	6,201
Total expenses for program 1.1	6,301	6,223	6,183	6,180	6,201

	2016-17	2017-18
Average staffing level (number)	30	30

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants.</p>		
<p>Program 1.1 — Commonwealth Grants Commission The Commission makes recommendations on the distribution of the GST pool, which are considered by Government.</p>		
<p>Delivery</p>	<p>The Commission will prepare a report, on an annual basis, recommending the distribution of the GST Pool to the States and Territories.</p>	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016–17 targets</p>	<p>2017–18 and forward year estimates</p>
<p>Quality of research, the accuracy of calculations and the acceptance of the results presented to Government in response to terms of reference.</p>	<p>Fully met.</p>	<p>Fully met.</p>
<p>Purposes</p>	<p>The Commission’s sole function is to provide advice to the Australian Government in response to terms of reference from the Treasurer.</p> <p>The main subject on which advice is sought is the allocation among the States and Territories of the revenue from the GST. However, from time to time, the Commission is also asked to report on the finances of Australia’s external territories, local Government matters and the financing of services for indigenous people.</p> <p>Terms of reference for those inquiries are developed by relevant Australian Government agencies, sent to the Commission by the Treasurer, to whom the Commission provides any required reports.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the financial information presented in the Budget Papers (most notably Budget Paper No. 1: Budget Strategy and Outlook) and Portfolio Budget Statements as a result of differences between whole-of-government level financial reporting.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	4,748	4,847	4,846	4,944	4,900
Suppliers	1,488	1,313	1,274	1,173	1,240
Depreciation and amortisation	65	63	63	63	61
Total expenses	6,301	6,223	6,183	6,180	6,201
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	-	-	-	-	-
Total own-source revenue	-	-	-	-	-
Gains					
Other	33	34	34	34	34
Total gains	33	34	34	34	34
Total own-source income	33	34	34	34	34
Net (cost of)/contribution by services	(6,268)	(6,189)	(6,149)	(6,146)	(6,167)
Revenue from Government	6,203	6,126	6,086	6,083	6,106
Surplus/(deficit) attributable to the Australian Government	(65)	(63)	(63)	(63)	(61)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(65)	(63)	(63)	(63)	(61)
Total comprehensive income/(loss) attributable to the Australian Government	(65)	(63)	(63)	(63)	(61)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	(65)	(63)	(63)	(63)	(61)
Total comprehensive income/(loss) - as per the statement of comprehensive income	(65)	(63)	(63)	(63)	(61)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	112	112	112	112	112
Trade and other receivables	4,734	4,734	4,734	4,734	4,734
Other financial assets	38	38	38	38	38
Total financial assets	4,884	4,884	4,884	4,884	4,884
Non-financial assets					
Land and buildings	423	423	423	423	423
Property, plant and equipment	124	123	121	119	119
Other non-financial assets	-	-	-	-	-
Total non-financial assets	547	546	544	542	542
Total assets	5,431	5,430	5,428	5,426	5,426
LIABILITIES					
Payables					
Suppliers	219	219	219	219	219
Other payables	112	112	112	112	112
Total payables	331	331	331	331	331
Provisions					
Employee provisions	1,610	1,610	1,610	1,610	1,610
Other provisions	-	-	-	-	-
Total provisions	1,610	1,610	1,610	1,610	1,610
Total liabilities	1,941	1,941	1,941	1,941	1,941
Net assets	3,490	3,489	3,487	3,485	3,485
EQUITY*					
Parent entity interest					
Contributed equity	190	252	313	374	435
Reserves	324	324	324	324	324
Retained surplus (accumulated deficit)	2,976	2,913	2,850	2,787	2,726
Total parent entity interest	3,490	3,489	3,487	3,485	3,485
Total equity	3,490	3,489	3,487	3,485	3,485

*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	2,976	324	-	190	3,490
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	2,976	324	-	190	3,490
Comprehensive income					
Other comprehensive income					-
Surplus/(deficit) for the period	(63)				(63)
Total comprehensive income	(63)	-	-	-	(63)
Contributions by owners					
Departmental capital budget (DCB)				62	62
Total transactions with owners	-	-	-	62	62
Estimated closing balance as at 30 June 2018	2,913	324	-	252	3,489
Closing balance attributable to the Australian Government	2,913	324	-	252	3,489

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,203	6,126	6,086	6,083	6,106
Net GST received	-	-	-	-	-
Total cash received	6,203	6,126	6,086	6,083	6,106
Cash used					
Employees	4,748	4,847	4,846	4,944	4,900
Suppliers	1,455	1,279	1,240	1,139	1,206
Net GST paid	-	-	-	-	-
Total cash used	6,203	6,126	6,086	6,083	6,106
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	63	62	61	61	61
Total cash used	63	62	61	61	61
Net cash from/(used by) investing activities	(63)	(62)	(61)	(61)	(61)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	63	62	61	61	61
Total cash received	63	62	61	61	61
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	63	62	61	61	61
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	112	112	112	112	112
Cash and cash equivalents at the end of the reporting period	112	112	112	112	112

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	63	62	61	61	61
Total new capital appropriations	63	62	61	61	61
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	63	62	61	61	61
Total items	63	62	61	61	61
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	63	62	61	61	61
TOTAL	63	62	61	61	61
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	63	62	61	61	61
Total cash used to acquire assets	63	62	61	61	61

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Land & buildings \$'000	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2017			
Gross book value	493	243	736
Accumulated depreciation/ amortisation and impairment	(70)	(117)	(187)
Opening net book balance	423	126	549
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	-	62	62
Total additions	-	62	62
Other movements			
Depreciation/amortisation expense	-	(65)	(65)
Total other movements	-	(65)	(65)
As at 30 June 2018			
Gross book value	493	305	798
Accumulated depreciation/ amortisation and impairment	(70)	(182)	(252)
Closing net book balance	423	123	546

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2017-18 is to achieve this by delivering independent advice for improvement through:

- establishing and maintaining an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the IGT for its operations and to deliver programs and services on behalf of the Government.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,188	6,647
Departmental appropriation (c)	6,565	6,495
Departmental capital budget (d)	29	30
Annual appropriations - other services - non-operating		
Prior year appropriations available (e)	323	323
<i>Total departmental annual appropriations</i>	<i>12,105</i>	<i>13,495</i>
Total departmental resourcing	12,105	13,495
Total resourcing for the Inspector-General of Taxation	12,105	13,495
	<i>2016-17</i>	2017-18
Average staffing level (number)	35	35

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

(b) Excludes \$0.5 million subject to administrative quarantine by Finance or withheld under section 51 of the PGPA Act.

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(e) Appropriation Bill (No. 2) 2014-15 and 2015-16.

1.3 BUDGET MEASURES

The IGT has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the IGT can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities

Budgeted expenses for Outcome 1

Table 2.1 shows how much the IGT intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation	6,565	6,495	6,465	6,469	6,499
Expenses not requiring appropriation in the Budget year (a)	331	352	336	336	281
Departmental total	6,896	6,847	6,801	6,805	6,780
Total expenses for program 1.1	6,896	6,847	6,801	6,805	6,780
	2016-17	2017-18			
Average staffing level (number)	35	35			

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.</p>		
<p>Program 1.1 – Inspector-General of Taxation To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the Tax Practitioners Board (TPB).</p>		
<p>Delivery</p>	<ul style="list-style-type: none"> • effective handling of tax administration complaints • identify and prioritise areas of tax administration for improvement • conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB 	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016-17 targets</p>	<p>2017-18 and the forward year targets</p>
<ul style="list-style-type: none"> • effective handling of tax administration complaints • efficient conduct of reviews into tax administration issues • publication of reports on tax administration • independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> • positive feedback on IGT complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant Government entities • responding to tax administration complaints • responding to tax administration issues through reviews • issuing public reports on tax administration issues • providing independent advice and recommendations to Government and its relevant entities on improvements in tax administration 	<ul style="list-style-type: none"> • tax administration complaint responses • positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant Government entities • areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation • reviews, reports and recommendations on areas of tax administration identified for improvement

Performance information		
Performance criteria	2016-17 targets	2017-18 and the forward year targets
Purposes	<p>Our role is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant agencies.</p> <p>Our objectives are to:</p> <ul style="list-style-type: none"> • establish and maintain an effective and efficient complaints handling function; • identify and prioritise areas of tax administration for improvement; and • conduct reviews and make recommendations for improvement to Government, the ATO and the TPB. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of IGT's finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the IGT's resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2017-18.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	4,047	4,269	4,516	4,718	4,837
Suppliers	2,518	2,226	1,949	1,751	1,662
Depreciation and amortisation	331	352	336	336	281
Total expenses	6,896	6,847	6,801	6,805	6,780
LESS:					
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net (cost of)/contribution by services	(6,896)	(6,847)	(6,801)	(6,805)	(6,780)
Revenue from Government	6,565	6,495	6,465	6,469	6,499
Surplus/(deficit) attributable to the Australian Government	(331)	(352)	(336)	(336)	(281)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	331	352	336	336	281
Total comprehensive income/(loss) - as per the statement of comprehensive income	(331)	(352)	(336)	(336)	(281)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	109	109	109	109	109
Trade and other receivables	3,940	3,940	3,940	3,940	3,940
Total financial assets	4,049	4,049	4,049	4,049	4,049
Non-financial assets					
Land and buildings	1,486	1,240	994	748	502
Property, plant and equipment	92	80	84	79	75
Intangibles	184	120	56	2	2
Total non-financial assets	1,762	1,440	1,134	829	579
Total assets	5,811	5,489	5,183	4,878	4,628
LIABILITIES					
Payables					
Suppliers	35	35	35	35	35
Other payables	120	120	120	120	120
Total payables	155	155	155	155	155
Provisions					
Employee provisions	1,046	1,046	1,046	1,046	1,046
Total provisions	1,046	1,046	1,046	1,046	1,046
Total liabilities	1,201	1,201	1,201	1,201	1,201
Net assets	4,610	4,288	3,982	3,677	3,427
EQUITY*					
Contributed equity	1,230	1,260	1,290	1,321	1,352
Reserves	398	398	398	398	398
Retained surplus	2,982	2,630	2,294	1,958	1,677
Total equity	4,610	4,288	3,982	3,677	3,427

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	2,982	319	79	1,230	4,610
Adjusted opening balance	2,982	319	79	1,230	4,610
Comprehensive income					
Surplus/(deficit) for the period	(352)	-	-	-	(352)
Total comprehensive income	2,630	319	79	1,230	4,258
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	30	30
Total transactions with owners	-	-	-	30	30
Closing balance attributable to the Australian Government	2,630	319	79	1,260	4,288

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,042	6,495	6,465	6,482	6,499
Total cash received	8,042	6,495	6,465	6,482	6,499
Cash used					
Employees	4,047	4,269	4,516	4,718	4,837
Suppliers	2,518	2,226	1,949	1,764	1,662
Total cash used	6,565	6,495	6,465	6,482	6,499
Net cash from/(used by) operating activities	1,477	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,506	30	30	31	31
Total cash used	1,506	30	30	31	31
Net cash from/(used by) investing activities	(1,506)	(30)	(30)	(31)	(31)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	29	30	30	31	31
Total cash received	29	30	30	31	31
Net cash from/(used by) financing activities	29	30	30	31	31
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	109	109	109	109	109
Cash and cash equivalents at the end of the reporting period	109	109	109	109	109

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	30	30	31	31
Total new capital appropriations	29	30	30	31	31
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	<i>1,506</i>	<i>30</i>	<i>30</i>	<i>31</i>	<i>31</i>
Total items	1,506	30	30	31	31
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	29	30	30	31	31
Funded internally from departmental resources (b)	1,477	-	-	-	-
TOTAL	1,506	30	30	31	31
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,506	30	30	31	31
Total cash used to acquire assets	1,506	30	30	31	31

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets (DCBs).

(b) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	1,646	486	312	2,444
Accumulated depreciation/ amortisation and impairment	(160)	(394)	(128)	(682)
Opening net book balance	1,486	92	184	1,762
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	30	-	30
Total additions	-	30	-	30
Other movements				
Depreciation/amortisation expense	(246)	(42)	(64)	(352)
Total other movements	(246)	(42)	(64)	(352)
As at 30 June 2018				
Gross book value	1,646	516	312	2,474
Accumulated depreciation/ amortisation and impairment	(406)	(436)	(192)	(1,034)
Closing net book balance	1,240	80	120	1,440

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

NATIONAL COMPETITION COUNCIL

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NATIONAL COMPETITION COUNCIL

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The National Competition Council (NCC) makes recommendations under the National Access Regime in Part IIIA of the *Competition and Consumer Act 2010* (CCA) and recommendations and decisions under the National Gas Law (NGL).

The National Access Regime promotes competition, efficiency and productivity in markets that depend on the use of services provided by monopoly infrastructure facilities. Within this regime the NCC may recommend the declaration of a service provided by a monopoly facility but only if all of the 'declaration criteria' specified in the CCA are met. Where a service is declared, the Australian Competition and Consumer Commission (ACCC) is empowered to arbitrate access disputes if the parties seeking access and the facility owner are unable to agree on access arrangements and prices.

As an alternative to the National Access Regime, State and Territory governments may implement access regimes specific to their circumstances or implement (cooperatively) parallel regulation in each jurisdiction (as has occurred for the gas and electricity industries). The NCC is responsible for recommending whether a State or Territory access regime should be certified as effective, with the result that services covered by that access regime are exempt from declaration under the CCA.

Under the NGL, the NCC recommends on whether particular natural gas pipeline systems should be subject to access regulation (covered). The NCC also recommends in relation to the price regulation and greenfield exemptions available under the NGL. As well as these recommendatory roles, the NCC is responsible for determining whether covered pipelines should be subject to full regulation or light regulation and for classifying pipelines as transmission or distribution pipelines.

On 1 July 2014, the NCC entered into a Memorandum of Understanding with the ACCC under which staff and other support for the NCC's operations are provided by the ACCC. The NCC remains an independent entity, however under this arrangement, it has not employed staff directly. The NCC will undertake recruitment related to the new measures. The NCC maintains responsibility for its recommendations, decisions and other functions under the CCA and NGL, and ensures that its websites, guidelines and other information resources remain relevant and available to all stakeholders.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: National Competition Council resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	3,068	2,906
Departmental appropriation	1,727	5,970
<i>Total departmental annual appropriations</i>	<i>4,795</i>	<i>8,876</i>
Total departmental resourcing	4,795	8,876
Total resourcing for the NCC	4,795	8,876
	<i>2016-17</i>	2017-18
Average staffing level (number)	1	8

Third party payments from and on behalf of other entities

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Payments made by the ACCC on behalf of the NCC	1,727	1,678
Payments made to the ACCC for the provision of corporate and professional services	775	850

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the National Competition Council are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

		2016-17	2017-18	2018-19	2019-20	2020-21
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
National Partnership on Regulatory Reform - establishment						
	Departmental expenses	1.1	-	2,251	2,163	2,141
Reducing Pressure on Housing Affordability - a new National Housing and Homelessness Agreement						
	Departmental expenses	1.1	-	2,041	1,482	1,484
Total expense measures			-	4,292	3,645	3,625
					3,624	

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the National Competition Council can be found at: Corporate Plan.

The most recent annual performance statement can be found at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of, and investment in infrastructure.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: National Competition Council					
Departmental expenses					
Departmental appropriation	1,727	5,970	5,312	5,298	5,305
Expenses not requiring appropriation in the Budget year (a)	32	32	32	32	32
Departmental total	1,759	6,002	5,344	5,330	5,337
Total expenses for program 1.1	1,759	6,002	5,344	5,330	5,337
Total expenses for Outcome 1	1,759	6,002	5,344	5,330	5,337
	2016-17	2017-18			
Average staffing level (number)	1	8			

(a) Expenses not requiring appropriation in the Budget year are represent audit services received free of charge from the Australian National Audit Office (ANAO).

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 — Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure.</p>		
<p>Program 1.1 — National Competition Council: The NCC’s objective is to provide advice to Governments and make decisions on infrastructure access issues that accord with statutory requirements (including time limits) and good regulatory practice, and ensuring that advice meets requirements of decision making ministers, such that Australia achieves a consistent approach to access regulation that promotes the efficient operation of, use of and investment in infrastructure thereby promoting effective competition.</p>		
<p>Delivery</p>	<p>Program 1.1 aims to:</p> <ul style="list-style-type: none"> • Make recommendations to ministers pursuant to Part IIIA of the CCA in relation to applications for the declaration of services provided by monopoly infrastructure and the certification of state and territory access regimes; • Make recommendations to ministers pursuant to the NGL relating to the coverage of natural gas pipelines and on price regulation and greenfield incentives; • Make decisions pursuant to the NGL relating to the form of regulation and classification of natural gas pipelines; and • Advise the Parliament on the operation of the National Access Regime in accordance with section 290(2) of the CCA. 	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016-17</p>	<p>2017-18 and forward year targets</p>
<p>Recommendations on declaration applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>	<p>As per 2016-17.</p>
<p>Recommendations on certification applications are made within statutory time limits (consideration period of 180 days) and meet advice requirements of Ministers.</p>	<p>All recommendations are forecast to be made within the statutory time limits.</p>	<p>As per 2016-17.</p>
<p>Recommendations and decisions under the NGL made within specified time limits and recommendations under the NGL meet the advice requirements of Ministers.</p>	<p>All recommendations and decisions are forecast to be made within the statutory time limits.</p>	<p>As per 2016-17.</p>

Performance criteria	2016-17	2017-18 and forward year targets
Accessible information on all access regulation matters for which the NCC is responsible is provided on the NCC website.	The Council website is forecast to hold all documents relevant to the Council's functions.	As per 2016-17.
Up to date and informative guidelines on all the NCC's areas of responsibility are maintained on the NCC website.	Guidelines are forecast to be updated within 30 days of relevant decisions or developments in case law.	As per 2016-17.
Case law developments, legislative amendments and developments in the NCC's processes or policies are reflected in the NCC's information resources within 30 days.	Case law developments, legislative amendments and developments in Council processes or policies are forecast to be reflected in Council information resources within 30 days.	As per 2016-17.
The NCC's annual report to the Parliament includes a comprehensive report that meets the requirements of s 29O(2) of the CCA and is provided within 60 days of the end of the financial year.	The Council annual report provides comprehensive information on the National Access Regime and NGL, addresses all matters required under section 29O(2) of the CCA and is forecast to be provided within the required timeframe.	As per 2016-17.
Purposes	<p>The NCC is a Commonwealth statutory agency established by section 29A of the <i>Competition and Consumer Act 2010</i> (CCA). It was created in 1995 following agreement by the Council of Australian Governments (COAG) to a National Competition Policy (NCP). NCP places competition at the forefront as a means of promoting productivity and economic growth to enhance the economic welfare of Australians.</p> <p>The NCC makes recommendations under the National Access Regime in Part IIIA of the CCA and recommendations and decisions under the National Gas Law (NGL). The National Access Regime provides for access to the services of infrastructure facilities on appropriate terms, through the declaration of services. The NCC's role is to make recommendations to relevant ministers in relation to applications for declaration of services and also the certification of state or territory access regimes.</p> <p>The NCC has a similar role under the National Gas Law (NGL), contained in the Schedule to the <i>National Gas (South Australia) Act 2008</i>, where it makes recommendations on the coverage of natural gas pipeline systems. Under the NGL, the NCC also has the tasks of deciding the form of regulation of natural gas pipeline systems (light or full regulation), classifying pipeline (as transmission or distribution) and recommending in relation to various exemptions for greenfield gas pipelines.</p> <p>Both the National Access Regime and the NGL seek to promote the efficient operation of, use of, and investment in significant bottleneck infrastructure, and to promote competition, efficiency and productivity in markets that depend on the use of services provided by significant bottleneck infrastructure facilities.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The NCC is budgeting for a break-even operating result for 2017-18 and the forward years. The financial statements have been prepared on an Australian Accounting Standards basis.

The NCC is estimated to receive own source income of \$8,000 in 2017-18 being fees for applications made to it under the NGL.

The NCC's assets are mainly financial assets consisting of appropriation receivables and cash.

The NCC's liabilities are mainly supplier payables. Employee leave entitlements will be reviewed pending recruitment outcomes related to the new budget measures. Council members do not receive leave entitlements. Councillor remuneration is established through *Determination 2016/18: Remuneration and Allowances for Holders of Part-time Public Office*, which is set by the Remuneration Tribunal, an independent statutory authority established under the *Remuneration Tribunal Act 1973*.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	85	1,301	1,296	1,298	1,307
Suppliers	1,674	4,701	4,048	4,032	4,030
Total expenses	1,759	6,002	5,344	5,330	5,337
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	32	32	32	32	32
Total gains	32	32	32	32	32
Total own-source income	32	32	32	32	32
Net (cost of)/contribution by services	(1,727)	(5,970)	(5,312)	(5,298)	(5,305)
Revenue from Government	1,727	5,970	5,312	5,298	5,305
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	16	16	16	16	16
Trade and other receivables	3,058	3,058	3,058	3,058	3,058
Total financial assets	3,074	3,074	3,074	3,074	3,074
Non-financial assets					
Other non-financial assets	3	3	3	3	3
Total non-financial assets	3	3	3	3	3
Assets held for sale					
Total assets	3,077	3,077	3,077	3,077	3,077
LIABILITIES					
Payables					
Suppliers	37	37	37	37	37
Total payables	37	37	37	37	37
Total liabilities	37	37	37	37	37
Net assets	3,040	3,040	3,040	3,040	3,040
EQUITY*					
Parent entity interest					
Contributed equity	178	178	178	178	178
Retained surplus (accumulated deficit)	2,862	2,862	2,862	2,862	2,862
Total parent entity interest	3,040	3,040	3,040	3,040	3,040
Total equity	3,040	3,040	3,040	3,040	3,040

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	2,862	178	3,040
Opening balance	2,862	178	3,040
Comprehensive income			
Surplus/(deficit) for the period	-	-	-
Total comprehensive income	-	-	-
Estimated closing balance as at 30 June 2018	2,862	178	3,040
Closing balance attributable to the Australian Government	2,862	178	3,040

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,727	5,970	5,312	5,298	5,305
Net GST received	162	160	161	162	162
Total cash received	1,889	6,130	5,473	5,460	5,467
Cash used					
Employees	85	1,301	1,296	1,298	1,307
Suppliers	1,804	4,829	4,177	4,162	4,160
Total cash used	1,889	6,130	5,473	5,460	5,467
Net cash from/(used by) operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	16	16	16	16	16
Cash and cash equivalents at the end of the reporting period	16	16	16	16	16

Prepared on Australian Accounting Standards basis.

Table 3.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Fees and fines	8	8	8	8	8
Total non-taxation revenue	8	8	8	8	8
Total own-source revenue administered on behalf of Government	8	8	8	8	8
Net (cost of)/contribution by services	(8)	(8)	(8)	(8)	(8)
Surplus/(deficit)	8	8	8	8	8

Prepared on Australian Accounting Standards basis.

Table 3.6: Schedule of budgeted administered cash flows (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Fees	8	8	8	8	8
Total cash received	8	8	8	8	8
Net cash from/(used by) operating activities	8	8	8	8	8
Net increase/(decrease) in cash held	8	8	8	8	8
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
- Transfers to other entities (Finance - Whole of Government)	(8)	(8)	(8)	(8)	(8)
Total cash to Official Public Account	(8)	(8)	(8)	(8)	(8)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters;
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and
- advance and promote the main objectives of part 12 of the Australian Securities and Investments Commission Act 2001.

The vision of the AUASB is to be recognised as a leading national auditing and assurance standards setter and a global centre of excellence.

The mission of the AUASB is to develop, in the public interest, high quality auditing and assurance standards and related guidance that meet user needs.

Key strategies during 2017-18 include to:

- increase confidence in assurance on external reporting by contributing to the development of, and convergence with, one set of robust international auditing and assurance standards;
- be recognised by key stakeholders as the standards-setting body that formulates and maintains auditing and assurance standards and guidance pronouncements to address local issues;
- provide thought leadership, identify and respond to emerging issues;

- communicate and engage with stakeholders to promote audit quality and increase engagement in developing standards and promote consistency in the application of AUASB pronouncements; and harmonise Australian and New Zealand Auditing and Assurance Standards; and
- harmonise Australian and New Zealand Auditing and Assurance Standards.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement – Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	1,169	757
Departmental appropriations 74 retained revenue receipts (c)	2,126	2,096
Departmental capital budget (d)	1	-
	37	37
<i>Total departmental annual appropriations</i>	<i>3,333</i>	<i>2,890</i>
Total departmental resourcing	3,333	2,890
Total resourcing for AUASB	3,333	2,890
	2016-17	2017-18
Average staffing level (number)	7	7

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2017-18.

(b) Adjusted appropriation carried forward from previous year.

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

AUASB does not have any new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The AUASB's outcome is described below together with its related program. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the AUASB can be found at: Corporate Plan.

The most recent annual performance statement can be found at: [Annual Performance Statement](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Auditing and Assurance Standards Board					
Departmental expenses					
Departmental appropriation	2,126	2,096	2,083	2,084	2,095
s 74 Retained revenue receipts (a)	1	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	24	24	24	24	24
Departmental total	2,151	2,120	2,107	2,108	2,119
Total expenses for program 1.1	2,151	2,120	2,107	2,108	2,119
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriation	2,126	2,096	2,083	2,084	2,095
s74 Retained revenue receipts (a)	1	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	24	24	24	24	24
Departmental total	2,151	2,120	2,107	2,108	2,119
Total expenses for Outcome 1	2,151	2,120	2,107	2,108	2,119
	2016-17	2017-18			
Average staffing level (number)	7	7			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for program 1 associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.</p>		
<p>Program 1.1 – Office of the Auditing and Assurance Standards Board</p> <p>The key strategies to achieve Outcome 1 are:</p> <ul style="list-style-type: none"> • making auditing standards under section 336 of the <i>Corporations Act 2001</i> and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation, including facilitating and monitoring the implementation of the Australian Auditing Standards; • formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of the Corporations legislation; and • providing Australian participation in, and contributing to, the development of a single set of auditing standards for world-wide use. In this regard the AUASB will continue to participate in key International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, the auditor’s responsibility relating to other information, auditing financial report disclosures, the project on agreed-upon procedures, and the Innovation and Integrated Reporting Working Groups. 		
<p>Delivery</p>	<p>The AUASB has the following deliverables:</p> <ul style="list-style-type: none"> • prepare and issue auditing standards under section 336 of the <i>Corporations Act 2001</i>; • prepare and issue new and revised assurance standards, standards on review engagements and related guidance as required; and • contribute to the development of international auditing and assurance standards. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria</p>	<p>Targets</p>
<p>2016-17</p>	<p>The AUASB has the following key performance indicators:</p> <ul style="list-style-type: none"> • issued auditing standards are high quality, developed and/or revised as required on a timely basis, are consistent with those developed by the IAASB and are based on the corresponding versions of International Standards on Auditing. • issued assurance standards and standards on review engagements are high quality and developed and/or revised as required on a timely basis. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process. • Responses made to all significant IAASB exposure drafts. <p>The AUASB expects to meet all its targets and expectations implied by performance criteria in 2016-17.</p>

Year	Performance criteria	Targets
	<ul style="list-style-type: none"> • relevant guidance is issued to auditors, assurance practitioners and other users, as required on an appropriate and timely basis. • emerging auditing and assurance issues are identified and addressed on a timely basis. • responses are made to all significant IAASB exposure drafts; and • appropriate input is provided to the IAASB. 	
2017-18	As per 2016-17	As per 2016-17
2018-19 and beyond	As per 2017-18	As per 2017-18
Purposes	<p>The functions of the AUASB are to:</p> <ul style="list-style-type: none"> • make auditing standards under section 336 of the <i>Corporations Act 2001</i> for the purposes of the corporations legislation; • formulate auditing and assurance standards for other purposes; • formulate guidance on auditing and assurance matters; • participate in and contribute to the development of a single set of auditing standards for world-wide use; and • advance and promote the main objectives of part 12 of the <i>Australian Securities and Investments Commission Act 2001</i>. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

In 2015-16 there was a restructure between AUASB and the Office of the Australian Accounting Standards Board (AASB) with an arrangement for AASB to provide corporate services for both entities. Under the arrangement, AASB charges AUASB a management fee for providing corporate support.

The comprehensive income statement is comprised mainly of employee expenses relating to technical staff and supplier expenses relating to AASB management fee. These items are projected to be steady over the budget and forward years.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	1,474	1,455	1,450	1,455	1,469
Suppliers	653	658	656	652	650
Depreciation and amortisation	57	40	40	40	40
Total expenses	2,184	2,153	2,146	2,147	2,159
LESS:					
OWN-SOURCE INCOME					
Gains	-	-	-	-	-
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total own-source income	24	24	24	24	24
Net (cost of)/contribution by services	(2,160)	(2,129)	(2,122)	(2,123)	(2,135)
Revenue from Government	2,126	2,096	2,083	2,084	2,095
Surplus/(deficit) attributable to the Australian Government	(34)	(33)	(39)	(39)	(40)
Total comprehensive income/(loss) attributable to the Australian Government	(34)	(33)	(39)	(39)	(40)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	23	7	1	1	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	57	40	40	40	40
Total comprehensive income/(loss) - as per the statement of comprehensive income	(34)	(33)	(39)	(39)	(40)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	505	535	557	540	540
Trade and other receivables	763	756	865	718	718
Total financial assets	1,268	1,291	1,422	1,258	1,258
Non-financial assets					
Property, plant and equipment	3	20	50	65	64
Total non-financial assets	3	20	50	65	64
Total assets	1,271	1,311	1,472	1,323	1,322
LIABILITIES					
Provisions					
Employee provisions	699	755	909	752	752
Other provisions	338	318	326	335	335
Total provisions	1,037	1,073	1,235	1,087	1,087
Total liabilities	1,037	1,073	1,235	1,087	1,087
Net assets	234	238	237	236	235
EQUITY*					
Parent entity interest					
Contributed equity	274	311	349	387	426
Retained surplus (accumulated deficit)	(40)	(73)	(112)	(151)	(191)
Total parent entity interest	234	238	237	236	235
Total equity	234	238	237	236	235

*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	(40)	274	234
Adjusted opening balance	(40)	274	234
Comprehensive income			
Surplus/(deficit) for the period	(33)	-	(33)
Total comprehensive income	(33)	-	(33)
Transactions with owners			
Contributions by owners			
Departmental capital budget (DCB)	-	37	37
Sub-total transactions with owners	-	37	37
Estimated closing balance as at 30 June 2018	(73)	311	238
Closing balance attributable to the Australian Government	(73)	311	238

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,236	2,212	2,123	2,349	2,095
Other	3	-	-	-	-
Total cash received	2,239	2,212	2,123	2,349	2,095
Cash used					
Employees	1,423	1,400	1,296	1,613	1,476
Suppliers	718	782	809	757	647
Total cash used	2,141	2,182	2,105	2,370	2,123
Net cash from/(used by) operating activities	98	30	18	(21)	(28)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	37	37	38	38	39
Total cash used	37	37	38	38	39
Net cash from/(used by) investing activities	(37)	(37)	(38)	(38)	(39)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	37	37	38	38	(1)
Total cash received	37	37	38	38	(1)
Net cash from/(used by) financing activities	37	37	38	38	(1)
Net increase/(decrease) in cash held	98	30	18	(21)	(68)
Cash and cash equivalents at the beginning of the reporting period	407	505	535	553	2,006
Cash and cash equivalents at the end of the reporting period	505	535	553	532	1,938

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	37	37	38	38	39
Total new capital appropriations	37	37	38	38	39
<i>Provided for:</i>					
Purchase of non-financial assets	37	37	38	38	39
Total items	37	37	38	38	39
PURCHASE OF NON-FINANCIAL ASSETS					
ASSETS					
Funded by capital appropriation - DCB (a)	37	37	38	38	39
TOTAL	37	37	38	38	39
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	37	37	38	38	39
Total cash used to acquire assets	37	37	38	38	39

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis

Table 3.6: Statement of departmental asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	656	-	656
Accumulated depreciation/amortisation and impairment	(636)	-	(636)
Opening net book balance	20	-	20
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - appropriation ordinary annual services (a)	18	22	40
Total additions	18	22	40
Other movements			
Depreciation/amortisation expense	(30)	(10)	(40)
Total other movements	(30)	(10)	(40)
As at 30 June 2018			
Gross book value	674	22	696
Accumulated depreciation/amortisation and impairment	(666)	(10)	(676)
Closing net book balance	8	12	20

'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

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OFFICE OF THE AUSTRALIAN ACCOUNTING STANDARDS BOARD

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Australian Accounting Standards Board (AASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001*.

The strategic directions of the AASB are to:

- develop, issue and maintain standards based on International Financial Reporting Standards (IFRS) and the principle of transaction neutrality, to maintain IFRS compliance for publicly accountable entities, and for other entities, as necessary, modify IFRS taking into account user needs, and undue effort or cost considerations or develop Australian specific standards and guidance;
- take a leadership role in shaping the Australian Reporting Framework;
- enhance international influence with the International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB);
- facilitate and encourage active stakeholder participation in developing standards; and
- investigate the potential for standards to cover external reporting, beyond financial reporting.

The vision of the AASB is to be recognised as a leading national standard setter and a global centre of excellence.

The mission of the AASB is to develop, issue and maintain principle-based external reporting standards for Australia that meet user needs, maintain investor confidence in the Australian economy and contribute to the development of international external reporting standards.

Key priorities during 2017-18 include:

- use International Financial Reporting Standards (IFRS) and the principle of transaction neutrality as a starting point for developing, issuing and maintaining Australian Accounting Standards. Modifications are made as necessary to:
 - address user needs, prevalence and magnitude of issues specific to the not-for-profit (NFP) sectors, NFP application issues and undue effort or cost considerations;
 - subject to maintaining IFRS compliance for publicly accountable entities, and;
 - ensure that IFRS standards are made available as Australian Accounting Standards expeditiously.
- take a leadership role in shaping the Australian Reporting Framework, including improving the differential reporting framework (Reduced Disclosure Requirements) and assisting regulators to objectively identify entities that should prepare and lodge general purpose financial reports;
- enhance the AASB's international influence with respect to International Accounting Standards Board (IASB) and International Public Sector Accounting Standards Board (IPSASB) outcomes. Provide high quality thought leadership with an overlay of practical application to meet user needs. Be recognised as a high quality contributor to the IASB's Accounting Standards Advisory Forum (ASAF). Develop and maintain appropriate alliances, including through the Asian Oceanian Standard Setters Group (AOSSG), New Zealand Accounting Standards Board and relevant national standard setters who can assist AASB to influence international outcomes;
- facilitate and encourage active stakeholder participation in the development of standards internationally and in Australia. Issue consultative documents incorporating IASB exposure drafts and discussion papers and where appropriate IPSASB consultative documents. Promote feedback through roundtables, discussions with decision makers/advisory panels, education sessions and social media; and
- work closely with the New Zealand Accounting Standards Board to maintain converged reporting requirements across the Tasman, consistent with the Outcome Proposals agreed in August 2009 (as amended in 2011) by the Australian and New Zealand Prime Ministers.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: AASB resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	3,755	2,457
Departmental appropriations 74 retained revenue receipts (c)	3,597	3,548
Departmental capital budget (d)	710	710
Departmental capital budget (d)	80	79
<i>Total departmental annual appropriations</i>	<i>8,142</i>	<i>6,794</i>
Total departmental resourcing	8,142	6,794
Total resourcing for the AASB	8,142	6,794
	<i>2016-17</i>	2017-18
Average staffing level (number)	<i>22</i>	22

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2017-18.

(b) Adjusted appropriation carried forward from previous year.

(c) Estimated retained revenue receipts under section 74 of the PGPA Act.

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

AASB does not have any new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the AASB can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Report](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Australian Accounting Standards Board					
Departmental expenses					
Departmental appropriations	3,597	3,548	3,526	3,530	3,548
s74 Retained revenue receipts (a)	710	710	710	710	710
Expenses not requiring appropriation in the Budget year (b)	89	89	89	89	89
Departmental total	4,396	4,347	4,325	4,329	4,347
Total expenses for program 1.1	4,396	4,347	4,325	4,329	4,347
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriations	3,597	3,548	3,526	3,530	3,548
s74 Retained revenue receipts (a)	710	710	710	710	710
Special appropriations					
Special accounts					
Expenses not requiring appropriation in the Budget year (b)	89	89	89	89	89
Departmental total	4,396	4,347	4,325	4,329	4,347
Total expenses for Outcome 1	4,396	4,347	4,325	4,329	4,347
	2016-17	2017-18			
Average staffing level (number)	22	22			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the budget year are made up of depreciation expenses and amortisation expenses and an approved operating loss.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1</p> <p>The formulation and making of external reporting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</p>		
<p>Program 1 – Office of the Australian Accounting Standards Board</p> <p>Develop, issue and maintain Australian accounting standards that facilitate both for-profit and not-for-profit entities preparing high-quality financial statements that maintain investor confidence in the Australian economy. Ensure Australian publicly accountable entities comply with IFRS to facilitate access to international capital markets.</p>		
<p>Delivery</p>	<p>The AASB achieves its objectives of developing, issuing and maintaining Australian accounting standards by:</p> <ul style="list-style-type: none"> • preparing consultation documents, including exposure drafts, and consulting widely through round tables, education sessions and targeted outreach; • preparing and publishing accounting standards, compiled versions of standards in accordance with the ASIC Act and other relevant legislation; • participating in international standard setting and other research projects; and • maintaining close relationships with equivalent organisations in other jurisdictions. 	
<p>Performance information</p>		
<p>Year</p>	<p>Performance criteria (a)</p>	<p>Targets</p>
<p>2016-17</p>	<ul style="list-style-type: none"> • Publicly accountable entities comply with IFRs. • Australian Accounting Standards are available for adoption in Australia within two months of being issued by the IASB. • IFRS modified as necessary to maintain investor confidence in Australian markets, meet user needs, prevalence and magnitude of NFP specific issues, NFP application issues and undue cost or effort considerations. • Australian specific standards and guidance developed as necessary where IFRS does not comprehensively or appropriately address the issue. 	<ul style="list-style-type: none"> • An increase in engagement of Australian constituents in the standard setting process. • Responses made to all significant IASB and IPSASB exposure drafts. <p>The AASB expects to meet all its targets and expectations implied by performance criteria in 2016-17.</p>

Year	Performance criteria (a)	Targets
	<ul style="list-style-type: none"> • At least two thought leadership documents presented to meetings of the IASB's Accounting Standards Advisory Forum, the International Forum of Accounting Standard-Setters and the Asian-Oceanian Standard-Setters Group and other appropriate forums. • AASB staff recognised as technical experts in their respective fields. • AASB has a positive net promoter score. 	
2017-18	As per 2016-17	As per 2016-17
2018-19 and beyond	As per 2017-18	As per 2017-18
Purposes	<p>Make accounting standards under the <i>Corporations Act 2001</i> for corporations and for other purposes. Participate in and contribute to the development of a single set of accounting standards for world-wide use. In a financial reporting context, enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including its capital markets; having regard to the interests of Australian corporations raising capital in major international financial centres.</p>	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the Financial Statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

In 2015-16 there was a restructure between AASB and the Office of the Auditing and Assurance Standards Board (AUASB) with an arrangement for AASB to provide corporate services for both entities. Under the arrangement, AASB charges AUASB a management fee for providing corporate support.

The comprehensive income statement is comprised mainly of employee expenses relating to corporate and technical staff; supplier expenses relating to office expenses; and revenue relating to the management fee charged to AUASB. These items are projected to be steady over the budget and forward years.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	3,325	3,334	3,316	3,315	3,337
Suppliers	958	958	954	959	955
Grants					
Depreciation and amortisation	55	55	55	55	55
Total expenses	4,338	4,347	4,325	4,329	4,347
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	210	210	210	210	210
Other	500	500	500	500	500
Total own-source revenue	710	710	710	710	710
Gains					
Sale of assets					
Other	34	34	34	34	34
Total gains	34	34	34	34	34
Total own-source income	744	744	744	744	744
Net (cost of)/contribution by services	(3,594)	(3,603)	(3,581)	(3,585)	(3,603)
Revenue from Government	3,597	3,548	3,526	3,530	3,548
Surplus/(deficit) attributable to the Australian Government	3	(55)	(55)	(55)	(55)
Total comprehensive income/(loss) attributable to the Australian Government	3	(55)	(55)	(55)	(55)
Note: Impact of net cash appropriation arrangements					
	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	58	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	55	55	55	55	55
Total comprehensive income/(loss) - as per the statement of comprehensive income	3	(55)	(55)	(55)	(55)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	667	732	858	1,024	1,024
Trade and other receivables	3,224	3,275	3,251	3,169	3,169
Total financial assets	3,891	4,007	4,109	4,193	4,193
Non-financial assets					
Property, plant and equipment	124	111	99	87	115
Intangibles	0	36	71	107	103
Other non-financial assets	26	26	25	24	24
Total non-financial assets	150	173	195	218	242
Total assets	4,041	4,180	4,304	4,411	4,435
LIABILITIES					
Payables					
Suppliers	752	786	797	777	777
Other payables	34	38	48	69	69
Total payables	786	824	845	846	846
Provisions					
Employee provisions	768	845	924	1,005	1,005
Other provisions	1,375	1,375	1,375	1,375	1,375
Total provisions	2,143	2,220	2,299	2,380	2,380
Total liabilities	2,929	3,044	3,144	3,226	3,226
Net assets	1,112	1,136	1,160	1,185	1,209
EQUITY*					
Parent entity interest					
Contributed equity	602	681	760	839	918
Retained surplus (accumulated deficit)	510	455	400	346	291
Total parent entity interest	1,112	1,136	1,160	1,185	1,209
Total equity	1,112	1,136	1,160	1,185	1,209

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017			
Balance carried forward from previous period	510	602	1,112
Adjusted opening balance	510	602	1,112
Comprehensive income			
Surplus/(deficit) for the period	(55)	-	(55)
Total comprehensive income	(55)	-	(55)
Contributions by owners			
Departmental capital budget (DCB)	-	79	79
Total transactions with owners	-	79	79
Estimated closing balance as at 30 June 2018	455	681	1,136
Closing balance attributable to the Australian Government	455	681	1,136

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,542	3,550	3,619	3,694	3,548
Sale of goods and rendering of services	218	206	206	205	205
Other	563	500	500	500	500
Total cash received	4,323	4,256	4,325	4,399	4,253
Cash used					
Employees	2,999	3,029	3,005	3,000	3,337
Suppliers	1,333	1,116	1,150	1,177	916
s74 Retained revenue receipts transferred to OPA	(77)	46	44	56	-
Total cash used	4,255	4,191	4,199	4,233	4,253
Net cash from/(used by) operating activities	68	65	126	166	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	80	79	79	79	79
Total cash used	80	79	79	79	79
Net cash from/(used by) investing activities	(80)	(79)	(79)	(79)	(79)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	80	79	79	79	79
Total cash received	80	79	79	79	79
Net cash from/(used by) financing activities	80	79	79	79	79
Net increase/(decrease) in cash held	68	65	126	166	-
Cash and cash equivalents at the beginning of the reporting period	599	667	732	858	9,006
Cash and cash equivalents at the end of the reporting period	667	732	858	1,024	9,006

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	80	79	79	79	79
Total new capital appropriations	80	79	79	79	79
<i>Provided for:</i>					
Purchase of non-financial assets	80	79	79	79	79
Total items	80	79	79	79	79
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	80	79	79	79	79
TOTAL	80	79	79	79	79
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	80	79	79	79	79
Total cash used to acquire assets	80	79	79	79	79

(a) Does not include annual finance lease costs. Include purchases from current and previous years' departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017			
Gross book value	1,275	185	1,460
Accumulated depreciation/amortisation and impairment	(1,179)	(164)	(1,343)
Opening net book balance	96	21	117
Capital asset additions			
Estimated expenditure on new or replacement assets			
(a)	66	19	85
Total additions	66	19	85
Other movements			
Depreciation/amortisation expense	(51)	(4)	(55)
Total other movements	(51)	(4)	(55)
As at 30 June 2018			
Gross book value	1,341	204	1,545
Accumulated depreciation/amortisation and impairment	(1,230)	(168)	(1,398)
Closing net book balance	111	36	147

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of Government responsibility – Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing Government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has four broad components of work:

- Government commissioned projects;
- performance reporting and other services to Government bodies;
- competitive neutrality complaints activities; and
- self-initiated research and statutory annual reporting.

In 2017-18 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway and carrying over into 2017-18 include: public inquiries into *National Water Reform*; *Reforms to Human Services*; *Alternative Default Superannuation Fund Models*; and a *Productivity Review*; and studies into *National Disability Insurance Scheme (NDIS) Costs*; and *Transitioning Regional Economies*.

The Commission is providing cross-jurisdictional reporting to the Council of Australian Governments (COAG) on performance of Government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians. The Commission will also undertake inquiries into the effectiveness of the implementation of the Murray Darling Basin Plan every five years, with the first to be completed by the end of 2018.

The Commission will receive \$2.9 million over four years augmenting its role to improve the quality of outcomes for Indigenous Australians impacted by Commonwealth programs and services.

The Commission will also receive \$4.4 million over four years to undertake reviews of nationally significant Commonwealth-State agreements, and operate the COAG performance dashboard.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It receives and investigates complaints, and advises the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. This self-initiated research currently includes work on: *Trends in Trade Policies: What do they mean for Australia?* A full list of the Commission's research reports and supporting research is provided on the Commission's website.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Commission.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Productivity Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	28,506	26,279
Departmental appropriation (c)	33,388	34,230
s 74 retained revenue receipts (d)	1,164	272
Departmental capital budget (e)	838	830
<i>Total departmental annual appropriations</i>	<i>63,896</i>	<i>61,611</i>
Total departmental resourcing	63,896	61,611
Total resourcing for Productivity Commission	63,896	61,611
	2016-17	2017-18
Average staffing level (number)	167	174

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2017-18.
- (b) Excludes \$0.015m subject to quarantine by Department of Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes departmental capital budget (DCB).
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures						
Enhanced Research and Evaluation in Indigenous Affairs						
Departmental expenses	1.1	-	(610)	(758)	(759)	(763)
Productivity Commission - COAG Dashboard and reviews of sector wide agreements						
Departmental expenses	1.1	-	(921)	(1,155)	(1,154)	(1,159)
Total expense measures		-	(1,531)	(1,913)	(1,913)	(1,922)

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative represent a decrease in funds and a positive represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Commission's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of the Commission.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Commission can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Statement](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

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.

Budgeted expenses for Outcome 1

This table shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome, broken down by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Productivity Commission					
Departmental expenses					
Departmental appropriation	33,388	34,230	33,458	33,461	33,594
s 74 Retained revenue receipts (a)	1,164	272	194	201	208
Expenses not requiring appropriation in the Budget year (b)	1,123	1,103	1,100	1,100	1,100
Departmental total	35,675	35,605	34,752	34,762	34,902
Total expenses for program 1.1	35,675	35,605	34,752	34,762	34,902
Total expenses for Outcome 1	35,675	35,605	34,752	34,762	34,902
	2016-17	2017-18			
Average staffing level (number)	167	174			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1	
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	
Program 1.1 — Productivity Commission	
The Commission provides Governments and the Australian community with information and advice that better informs policy decisions to improve Australians' wellbeing.	
Delivery	The Commission undertakes inquiries, research, and performance reporting and analysis. It provides robust analysis and advice on a range of economic, social and environmental issues, taking a community-wide perspective. The Commission engages widely, including through hearings, release of draft reports, roundtables, seminars and submissions, to seek informed input to its reports.
Performance information	
Performance criteria	2016–17 and forward year estimates
The Commission aims to be a valuable source of robust evidence-based analysis to inform public policy and to generate effective public debate. In doing so, it seeks to engage effectively with the community, have open and transparent processes and provide timely reporting.	A range of indicators inform the Commission's performance assessment, including: the Commission's work being widely referenced in public debate; opportunities for public participation; open and transparent processes being followed; and reports being delivered within agreed timeframes.
Purposes	The Commission's purpose, as embodied in the <i>Productivity Commission Act 1998</i> , is to provide Governments and the Australian community with information and advice that better inform policy decisions to improve Australians' wellbeing.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences in entity resourcing and financial statements

The Productivity Commission does not have any material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2017-18 and the forward years.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	27,413	27,565	27,211	27,214	27,333
Suppliers	7,170	6,968	6,471	6,477	6,499
Depreciation and amortisation	1,073	1,053	1,050	1,050	1,050
Finance costs	19	19	20	21	20
Total expenses	35,675	35,605	34,752	34,762	34,902
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,164	272	194	201	208
Other	50	50	50	50	50
Total own-source revenue	1,214	322	244	251	258
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	1,214	322	244	251	258
Net (cost of)/contribution by services	(34,461)	(35,283)	(34,508)	(34,511)	(34,644)
Revenue from Government	33,388	34,230	33,458	33,461	33,594
Surplus/(deficit) attributable to the Australian Government	(1,073)	(1,053)	(1,050)	(1,050)	(1,050)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(1,073)	(1,053)	(1,050)	(1,050)	(1,050)
Total comprehensive income/(loss) attributable to the Australian Government	(1,073)	(1,053)	(1,050)	(1,050)	(1,050)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	1,073	1,053	1,050	1,050	1,050
Total comprehensive income/(loss) - as per the statement of comprehensive income	(1,073)	(1,053)	(1,050)	(1,050)	(1,050)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	364	364	364	364	364
Trade and other receivables	26,249	26,920	27,562	27,666	25,920
Total financial assets	26,613	27,284	27,926	28,030	26,284
Non-financial assets					
Land and buildings	3,405	2,605	1,805	1,005	1,957
Property, plant and equipment	971	1,021	1,012	1,432	1,902
Intangibles	177	144	114	104	94
Other non-financial assets	606	606	606	606	606
Total non-financial assets	5,159	4,376	3,537	3,147	4,559
Total assets	31,772	31,660	31,463	31,177	30,843
LIABILITIES					
Payables					
Suppliers	532	532	532	532	532
Other payables	1,570	1,442	1,229	927	575
Total payables	2,102	1,974	1,761	1,459	1,107
Provisions					
Employee provisions	11,683	11,903	12,123	12,343	12,563
Other provisions	551	570	590	611	631
Total provisions	12,234	12,473	12,713	12,954	13,194
Total liabilities	14,336	14,447	14,474	14,413	14,301
Net assets	17,436	17,213	16,989	16,764	16,542
EQUITY*					
Contributed equity	4,692	5,522	6,348	7,173	8,001
Reserves	2,588	2,588	2,588	2,588	2,588
Retained surplus (accumulated deficit)	10,156	9,103	8,053	7,003	5,953
Total equity	17,436	17,213	16,989	16,764	16,542

*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	10,156	2,588	-	4,692	17,436
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	10,156	2,588	-	4,692	17,436
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Surplus/(deficit) for the period	(1,053)				(1,053)
Total comprehensive income	(1,053)	-	-	-	(1,053)
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	830	830
Sub-total transactions with owners	-	-	-	830	830
Estimated closing balance as at 30 June 2018	9,103	2,588	-	5,522	17,213

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	35,615	33,559	32,816	33,357	35,340
Sale of goods and rendering of services	1,164	272	194	201	208
Total cash received	36,779	33,831	33,010	33,558	35,548
Cash used					
Employees	27,193	27,345	26,991	26,994	27,113
Suppliers	8,376	7,046	6,634	6,729	6,801
Total cash used	35,569	34,391	33,625	33,723	33,914
Net cash from/(used by) operating activities	1,210	(560)	(615)	(165)	1,634
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	2,048	270	211	660	2,462
Total cash used	2,048	270	211	660	2,462
Net cash from/(used by) investing activities	(2,048)	(270)	(211)	(660)	(2,462)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	838	830	826	825	828
Total cash received	838	830	826	825	828
Net cash from/(used by) financing activities	838	830	826	825	828
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	364	364	364	364	364
Cash and cash equivalents at the end of the reporting period	364	364	364	364	364

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	838	830	826	825	828
Total new capital appropriations	838	830	826	825	828
<i>Provided for:</i>					
Purchase of non-financial assets	838	270	211	660	828
Other Items	-	560	615	165	-
Total items	838	830	826	825	828
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	2,048	270	211	660	2,462
TOTAL	2,048	270	211	660	2,462
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,048	270	211	660	2,462
Total cash used to acquire assets	2,048	270	211	660	2,462

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	6,744	1,828	921	9,493
Accumulated depreciation/ amortisation and impairment	(3,339)	(857)	(744)	(4,940)
Opening net book balance	3,405	971	177	4,553
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	250	20	270
Total additions	-	250	20	270
Other movements				
Depreciation/amortisation expense	(800)	(200)	(53)	(1,053)
Total other movements	(800)	(200)	(53)	(1,053)
As at 30 June 2018				
Gross book value	6,744	2,078	941	9,763
Accumulated depreciation/ amortisation and impairment	(4,139)	(1,057)	(797)	(5,993)
Closing net book balance	2,605	1,021	144	3,770

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a listed entity operating under the *Public Governance, Performance and Accountability Act 2013*. The Mint's vision is to achieve excellence as the world's best performing Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas visitors.

The Mint has developed a new three year strategic plan which acknowledges the decline in the demand for circulating coin and identifies opportunities for growth in numismatic and foreign business. Key strategies identified in this plan include:

- leveraging the developed in-house capability to produce innovative circulating and numismatic products;
- identify 'other' opportunities to fill the gap in seigniorage caused by the decline in the demand for circulating coin;
- with the implementation of 'lean' as the driver of efficiency improvement reduction in cost and improved effectiveness;
- delivering in full and on time to all customers;
- maintaining the outstanding record for workplace health and safety, as well as the environmental conditions;
- continue to recognise the importance of staff; and
- continue to build brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the Government on coin related issues.

In 2017-18, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

To ensure that Commonwealth resources are appropriately deployed, the Mint is implementing the lean philosophy across the organisation to improve its operational efficiency and drive improvement. To deliver a safe and secure environment, the Mint will continue to invest in health and safety for its employees and maintain a high level of security. The Mint will increase engagement with its employees to empower and motivate staff, invest in health and wellbeing activities, and conduct mentoring and leadership programs.

The Mint's return on net assets is budgeted to be 51.2 per cent in 2016-17, inclusive of the seigniorage return to the Commonwealth. Across the forward estimates, the Mint will be focussed on maintaining its return on net assets. With the decline in demand for circulating coin, seigniorage is expected to fall over the next four years from the budgeted \$61 million in 2016-17. However, with the addition of the commercial 'pre-tax profit' (\$8.1 million in 2016-17) and royalties, and excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Special accounts (a)		
Opening balance	51,140	47,260
Non-appropriation receipts	156,554	151,412
<i>Total special accounts</i>	<i>207,694</i>	<i>198,672</i>
Total departmental resourcing	207,694	198,672
Total resourcing for the Royal Australian Mint	207,694	198,672
	<i>2016-17</i>	2017-18
Average staffing level (number)	<i>230</i>	232

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 — Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2017-18.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for Royal Australian Mint can be found at: Corporate Plan.

The most recent annual performance statement can be found inside the latest Annual Report at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Royal Australian Mint					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	32,500	27,342	22,876	20,329	16,888
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	88,638	89,300	85,082	100,332	102,672
Total expenses for program 1.1	121,138	116,642	107,958	120,661	119,560
	2016-17	2017-18			
Average staffing level (number)	230	232			

Prepared on Australian Accounting Standards basis.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

Outcome 1	
The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products.	
Program 1.1 — Royal Australian Mint	
To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.	
Delivery	<ul style="list-style-type: none"> • Production, maintenance and sales to meet demand for: <ul style="list-style-type: none"> – Australian circulating coins; – Foreign country circulating coins; – Numismatic products; and – Other custom minted products. • Maintenance of Australia’s National Coin Collection. • Tourism and education services to public and school groups: <ul style="list-style-type: none"> – Maintenance of the Mint’s visitor gallery, including building and surrounds; – Educational program to school students who visit the Mint; and – Promote public understanding about the cultural and historical significance of coins.
Performance information	

Performance criteria	2016-17 (estimated actual)	2017-18	2018-19 and the forward estimates
Produce and deliver Australian circulating coins in a cost effective and timely manner	Seigniorage: \$61.0m Volume: 158 million pieces	Seigniorage: \$54.5m Volume: 133 million pieces	Seigniorage: \$53m; \$50m; \$48m
Numismatic sales meet or exceed cost of production	Gross margin: 50%	Gross margin: 50%	Gross margin: 50%
Foreign circulating coin sales meet or exceed cost of production	Gross margin: 15%	Gross margin: 15%	Gross margin: 15%
Numismatic orders placed are produced and delivered within agreed delivery time	Delivered on time and in full: 80%	Delivered on time and in full: 80%	Delivered on time and in full: 80%
Rotate the display of Australia's National Coin Collection on a regular basis	Annual rotation completed	Annual rotation of National Coin Collection items	Annual rotation of National Coin Collection items
Visitor satisfaction rating of Mint experience	Survey result: 95%	Survey result: 95%	Survey result: 95%
Increase in visitor numbers compared to prior year	Visitors: 320,000	Visitors: 330,000	Visitors: 340,000
Purposes	To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences in entity resourcing and financial statements

The Mint does not have any material differences between entity resourcing and financial statements.

3.1.2 Analysis of budgeted financial statements

The Mint has two streams of revenue. One stream comes from production and subsequent sale of circulating coins at face value to commercial banks. The second stream comes from the sale of numismatic products and production of foreign circulating coins.

The Mint's Departmental projected results for the 2016-17 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.1). The ongoing implementation of 'lean' principles will enable the Mint to manufacture coins (both circulating and numismatic) in a more efficient manner which is expected to deliver a reduction in cost and improved business effectiveness.

An after-tax surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to rise from \$5.6 million in 2016-17 to \$7.3 million in 2020-21 and will offset the reduction in seigniorage received by the Government from Australian circulating coins.

The anticipated decline in demand for Australian circulating coin is reflected in a fall in Administered surplus over the next four years from the budgeted \$61 million in 2016-17 (refer Table 3.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in seigniorage returned to Commonwealth will be less significant.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	23,890	23,890	23,890	23,890	23,890
Suppliers	56,961	57,102	52,664	67,681	69,777
Depreciation and amortisation	4,451	4,901	5,048	5,199	5,355
Finance costs	37	26	14	9	9
Other expenses	3,299	3,381	3,466	3,553	3,641
Total expenses	88,638	89,300	85,082	100,332	102,672
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	95,254	96,592	87,376	110,079	111,638
Interest	1,000	1,000	1,000	1,000	1,000
Other	300	300	300	320	320
Total own-source revenue	96,554	97,892	88,676	111,399	112,958
Gains					
Other	162	162	162	162	162
Total gains	162	162	162	162	162
Total own-source income	96,716	98,054	88,838	111,561	113,120
Net (cost of)/contribution by services	8,078	8,754	3,756	11,229	10,448
Notional income tax expense	2,421	2,623	1,124	3,366	3,131
Total comprehensive income/(loss) attributable to the Australian Government	5,657	6,131	2,632	7,863	7,317

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	5,260	4,696	4,818	5,470	6,012
Trade and other receivables	53,339	59,713	62,335	74,512	82,629
Total financial assets	58,599	64,409	67,153	79,982	88,641
Non-financial assets					
Property, plant and equipment	37,832	37,156	35,328	33,269	32,175
Intangibles	2,996	2,896	2,776	2,736	2,675
Heritage and cultural	21,584	21,584	21,584	21,584	21,584
Inventories	32,376	33,598	33,880	33,901	33,901
Tax assets	1,443	1,443	1,443	1,443	1,443
Other non-financial assets	2,247	2,247	2,247	2,247	2,247
Total non-financial assets	98,478	98,924	97,258	95,180	94,025
Total assets	157,077	163,333	164,411	175,162	182,666
LIABILITIES					
Payables					
Suppliers	5,168	5,227	5,279	5,753	6,085
Tax liabilities	2,754	2,956	1,457	3,699	3,464
Other payables	7,658	7,658	7,658	7,658	7,658
Total payables	15,580	15,841	14,394	17,110	17,207
Interest bearing liabilities					
Leases	261	116	-	-	-
Total interest bearing liabilities	261	116	-	-	-
Provisions					
Employee provisions	5,705	5,705	5,705	5,868	5,949
Other provisions	662	671	680	689	698
Total provisions	6,367	6,376	6,385	6,557	6,647
Total liabilities	22,208	22,333	20,779	23,667	23,854
Net assets	134,869	141,000	143,632	151,495	158,812
EQUITY*					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,339	21,339	21,339	21,339	21,339
Retained surplus (accumulated deficit)	35,627	41,758	44,390	52,253	59,570
Total equity	134,869	141,000	143,632	151,495	158,812

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	35,627	21,339	77,903	134,869
Opening balance	35,627	21,339	77,903	134,869
Comprehensive income				
Surplus/(deficit) for the period	6,131	-	-	6,131
Total comprehensive income	6,131	-	-	6,131
Estimated closing balance as at 30 June 2018	41,758	21,339	77,903	141,000
Closing balance attributable to the Australian Government	41,758	21,339	77,903	141,000

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	156,254	151,112	140,753	159,850	159,702
Other	300	300	300	320	320
Total cash received	156,554	151,412	141,053	160,170	160,022
Cash used					
Employees	24,043	23,907	23,830	23,915	23,794
Suppliers	66,747	57,513	51,775	67,025	68,514
Net GST paid	3,342	3,473	3,221	3,583	3,542
s74 Retained revenue receipts transferred to OPA	-	6,000	3,000	11,000	8,000
Taxes paid	-	2,421	2,623	1,124	3,366
Other	61,000	54,520	53,377	49,771	48,064
Total cash used	155,132	147,834	137,826	156,418	155,280
Net cash from/(used by) operating activities	1,422	3,578	3,227	3,752	4,742
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	5,274	4,125	3,100	3,100	4,200
Total cash used	5,274	4,125	3,100	3,100	4,200
Net cash from/(used by) investing activities	(5,274)	(4,125)	(3,100)	(3,100)	(4,200)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	28	17	5	-	-
Total cash used	28	17	5	-	-
Net cash from/(used by) financing activities	(28)	(17)	(5)	-	-
Net increase/(decrease) in cash held	(3,880)	(564)	122	652	542
Cash and cash equivalents at the beginning of the reporting period	9,140	5,260	4,696	4,818	5,470
Cash and cash equivalents at the end of the reporting period	5,260	4,696	4,818	5,470	6,012

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	5,274	4,125	3,100	3,100	4,200
TOTAL	5,274	4,125	3,100	3,100	4,200
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,274	4,125	3,100	3,100	4,200
Total cash used to acquire assets	5,274	4,125	3,100	3,100	4,200

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Property, plant and equipment \$'000	Heritage and cultural \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	42,033	21,584	8,021	71,638
Accumulated depreciation/ amortisation and impairment	(4,201)	-	(5,025)	(9,226)
Opening net book balance	37,832	21,584	2,996	62,412
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	3,575	-	550	4,125
Total additions	3,575	-	550	4,125
Other movements				
Depreciation/amortisation expense	(4,251)	-	(650)	(4,901)
Total other movements	(4,251)	-	(650)	(4,901)
As at 30 June 2018				
Gross book value	45,608	21,584	8,571	75,763
Accumulated depreciation/ amortisation and impairment	(8,452)	-	(5,675)	(14,127)
Closing net book balance	37,156	21,584	2,896	61,636

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Suppliers	30,762	25,561	21,050	18,457	14,969
Other expenses	1,738	1,781	1,826	1,872	1,919
Total expenses administered on behalf of Government	32,500	27,342	22,876	20,329	16,888
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	93,500	81,862	76,253	70,099	64,952
Total non-taxation revenue	93,500	81,862	76,253	70,099	64,952
Total own-source revenue administered on behalf of Government	93,500	81,862	76,253	70,099	64,952
Total own-sourced income administered on behalf of Government	93,500	81,862	76,253	70,099	64,952
Net (cost of)/contribution by services	61,000	54,520	53,377	49,770	48,064
Surplus/(deficit)	61,000	54,520	53,377	49,770	48,064
Total comprehensive income/(loss)	61,000	54,520	53,377	49,770	48,064

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Trade and other receivables	4,353	4,353	4,353	4,353	4,353
Total financial assets	4,353	4,353	4,353	4,353	4,353
Non-financial assets					
Inventories	8,680	8,680	8,680	8,680	8,680
Total non-financial assets	8,680	8,680	8,680	8,680	8,680
Total assets administered on behalf of Government	13,033	13,033	13,033	13,033	13,033
Net assets/(liabilities)	13,033	13,033	13,033	13,033	13,033

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	61,000	54,520	53,377	49,771	48,064
Total cash received	61,000	54,520	53,377	49,771	48,064
Net cash from/(used by) operating activities	61,000	54,520	53,377	49,771	48,064
Net increase/(decrease) in cash held	61,000	54,520	53,377	49,771	48,064
Cash and cash equivalents at beginning of reporting period					
Cash to Official Public Account for:					
- Special accounts	(61,000)	(54,520)	(53,377)	(49,771)	(48,064)
<i>Total cash to Official Public Account</i>	<i>(61,000)</i>	<i>(54,520)</i>	<i>(53,377)</i>	<i>(49,771)</i>	<i>(48,064)</i>
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.