

**PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS
2005–06**

**PRIME MINISTER AND CABINET
PORTFOLIO**

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The Hon. Malcolm Turnbull MP
Parliamentary Secretary to the Prime Minister

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 Additional Estimates Statements in support of the 2005–06 Additional Estimates for the Prime Minister and Cabinet Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being provided for the Portfolio.

I present these statements to the Parliament to ensure proper and effective accountability to the Parliament and, through it, the public.

Yours sincerely

Malcolm Turnbull

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**USER GUIDE
TO THE
PORTFOLIO ADDITIONAL
ESTIMATES STATEMENTS**

USER GUIDE

INTRODUCTION

The purpose of the Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements, is to inform senators and members of parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. However, unlike the Portfolio Budget Statements, the PAES summarise only the *changes* in resourcing by outcome since the Budget; that is, they do not include a complete resourcing table for the agency. The PAES include new measures, and summarise the changes by Appropriation Bill and, where relevant, by Special Appropriation and Special Account.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2005–06. In this sense, the PAES is declared by the Additional Estimates Appropriation Bills to be a ‘relevant document’ to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the Mid-Year Economic and Fiscal Outlook 2005–06 is a mid-year budget report which provides updated information to allow the assessment of the government’s fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

User Guide	
	Provides an introduction explaining the purpose of the PAES, as well as information in relation to the styles and conventions used.
Portfolio Overview	
	Provides an overview of the portfolio, including a chart that outlines the outcomes for agencies in the portfolio.
Agency Additional Estimates Statements	
	A statement (under the name of the agency) for each agency affected by Additional Estimates.
Section 1: Agency overview, variations and measures	This section details the link between the resources appropriated, savings, the impact of any post-Budget measures, and their application to the outputs and administered items (usually programmes) that contribute to the achievement of outcomes. This section also reports changes to revenue from independent sources, changes to estimates of expenses from Special Appropriations, and changes to estimated Special Account flows.
Section 2: Revisions to outcomes, administered items and outputs	This section details changes to planned government outcomes, or to the contributing administered items and agency outputs.
Section 3: Budgeted financial statements	This section contains revisions to the budgeted financial statements in accrual format covering Budget year, previous year and the three out-years for each agency.
Glossary	Explains key terms.
Index	Alphabetical guide to the statements

STYLES AND CONVENTIONS USED

(a) The following notations 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) Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding.

ENQUIRIES

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

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PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW

The Prime Minister and Cabinet portfolio agencies produce a range of outputs needed for well-coordinated, efficient and accountable public administration supported by a values-based Australian Public Service.

The portfolio comprises eight Budget-funded agencies, as follows:

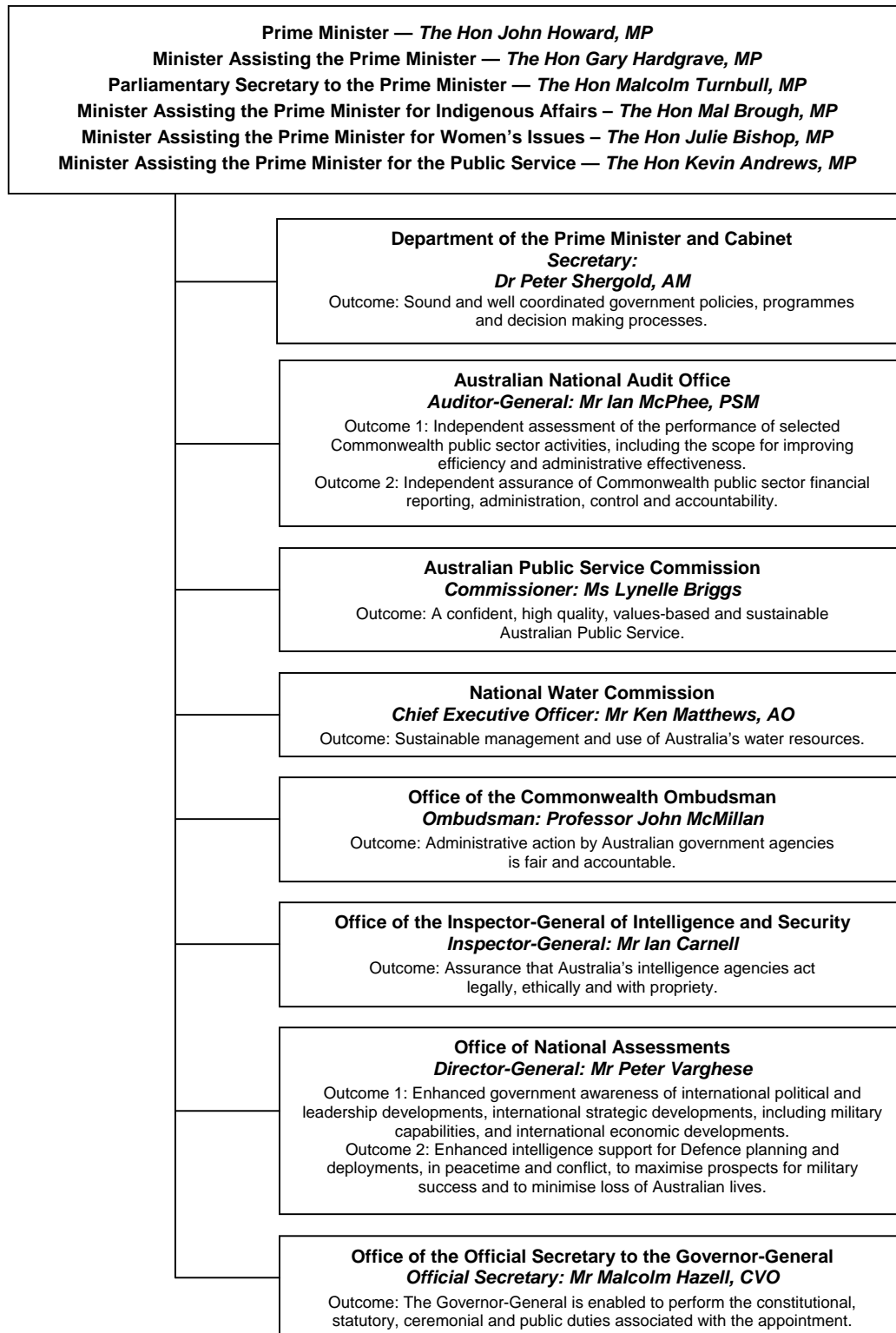
- Department of the Prime Minister and Cabinet (the department)
- Australian National Audit Office (ANAO)
- Australian Public Service Commission (APSC)
- National Water Commission (NWC)
- Office of National Assessments (ONA)
- Office of the Commonwealth Ombudsman (Ombudsman)
- Office of the Inspector-General of Intelligence and Security (OIGIS)
- Office of the Official Secretary to the Governor-General (OOSGG).

An overview of the structure of the portfolio is provided in Figure 1 on the following page.

Since the publication of the 2005–06 Portfolio Budget Statements, the roles/missions of the portfolio have changed as follows.

- The department has assumed responsibility for the accreditation function for the 2007 Asia Pacific Economic Cooperation (APEC) Leaders' Meeting and associated ministerial and business meetings.
- The Office of the Commonwealth Ombudsman has assumed responsibility for supporting the Ombudsman's enhanced role of Immigration Ombudsman.

Figure 1: Portfolio structure and outcomes



ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL

The department and some portfolio agencies are being provided with additional funds to meet the new and expanded roles/missions outlined above and other requirements, as follows:

- The department:
 - to reimburse the expenses incurred in supporting a number of new taskforces and to ensure that the department continues to be able to support further taskforces and provide the government with effective policy advice
 - for its expanded immigration policy role
 - for its new accommodation works programme through the bringing forward of funding previously approved for 2006-07
 - to manage the accreditation function for the 2007 APEC Leaders' Meeting and associated ministerial and business meetings
 - for staff to attend negotiations in China for the Australia-China Free Trade Agreement
 - to provide additional grant funding to the National Australia Day Council to enhance the celebration of and benefits flowing from Australia Day celebrations
 - to provide additional cash to cover prior year administered expenses through the reappropriation of administered funding
 - for increased administered expenses following a recent increase in allowances for the former Governors-General
- the ANAO, to meet the increased expenses of its auditing work
- the APSC, for boosting the number and improving the retention of Indigenous people employed in the Australian Public Service, and for increasing its capacity for whole-of-government work
- the Office of the Commonwealth Ombudsman, for reviewing a range of immigration cases and supporting the Ombudsman's enhanced role of Immigration Ombudsman.

Figures 2 and 3 show the impact of the changes since Budget on portfolio agency departmental appropriations.

NWC, ONA and OOSGG are not contributing to the PAES, as they are not affected by the Additional Estimates process and are not subject to any outcome changes. OIGIS is also not contributing, as the level of additional funding being provided through the Additional Estimates process is immaterial.

Figure 2: Comparison of Budget and revised Budget departmental appropriations for agencies in the portfolio (\$'000s)

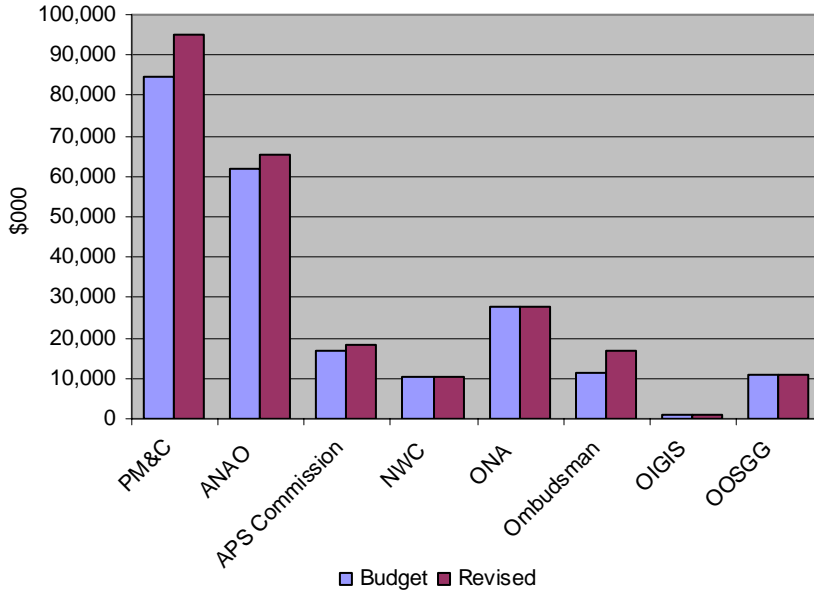
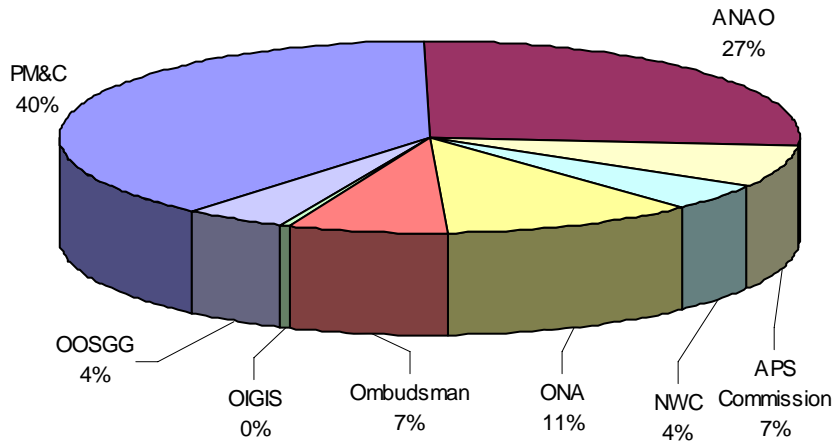


Figure 3: Revised Budget departmental appropriations for agencies in the portfolio (%)



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DEPARTMENT OF THE PRIME MINISTER AND CABINET

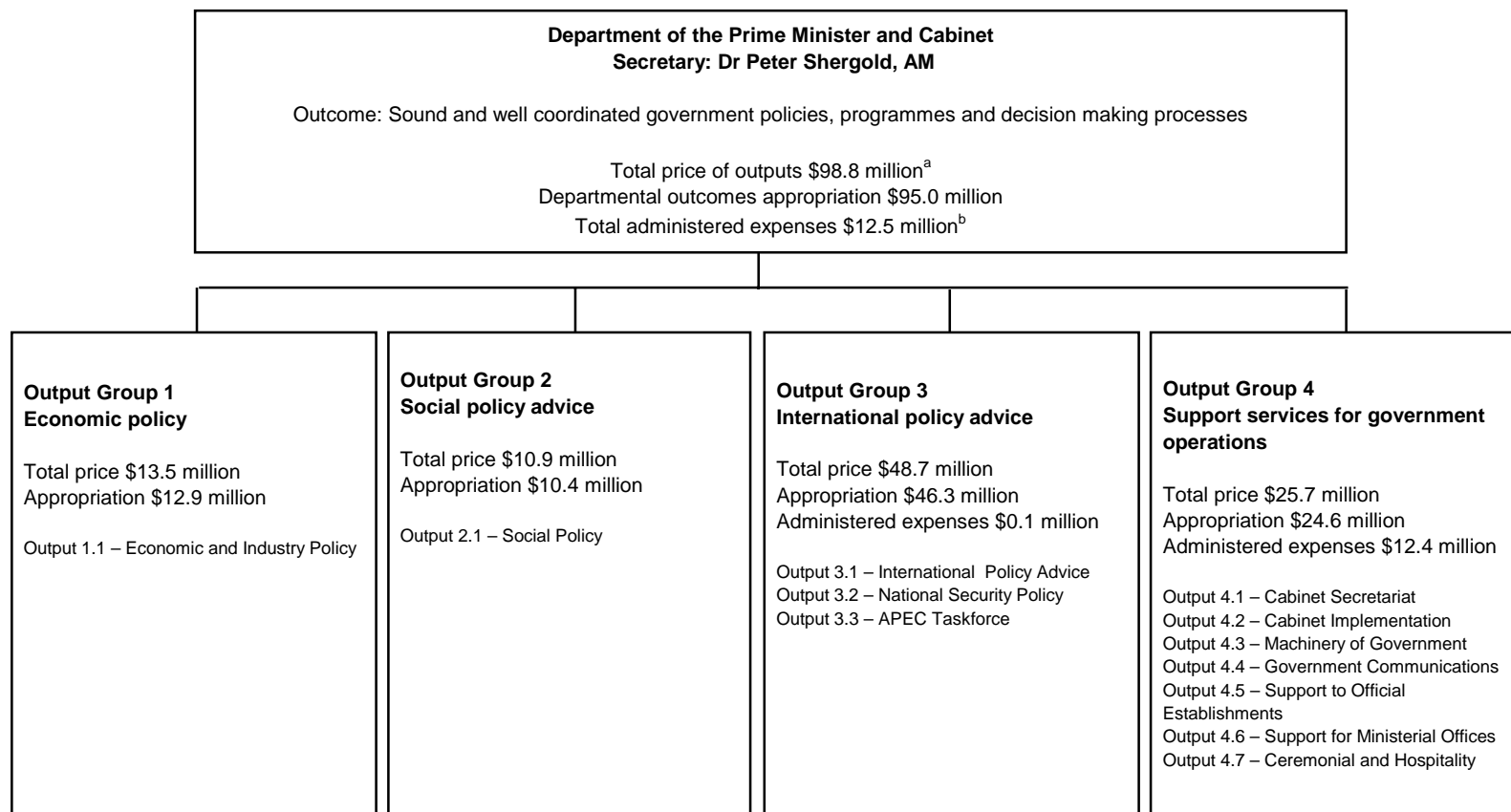
Section 1: Agency overview and resources; variations and measures

OVERVIEW

The department's outcome/output and performance evaluation framework is unchanged from Budget.

The total departmental price of outputs and the allocation of appropriations and administered expenses to output groups are shown in Figure 1.

Figure 1: Agency outcomes and output groups



a Includes resources provided free of charge of \$1.8 million.
 b Includes expenses of \$3.6 million from the Media Commissions special account.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The overall impact on 2005–06 departmental and administered appropriations since the Budget is an increase of \$10.5 million in departmental appropriations and an increase in administered funding of \$0.6 million.

This funding is provided for in the appropriation bills, except for \$4.3 million in departmental funding that is being transferred by way of section 32 of the Financial Management and Accountability Act from the Attorney-General's Department following the transfer of responsibility for managing the accreditation function for the 2007 APEC Leaders' Meeting and associated ministerial and business meetings.

The individual measures and variations incorporated in the appropriation bills are discussed below and are listed in Tables 1.1, 1.2 and 1.3.

Variations — to appropriations

Table 1.1: Additional estimates and variations to outcomes — measures and other variations

	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)	2008–09 (\$'000)
Outcome				
Variations in administered appropriations				
New Measures				
National Australia Day Council – increased support	547	965	985	1,006
Estimates Adjustments				
Parameter adjustments	-	(7)	(31)	(39)
Removal of losses on sale of assets	(10)	(10)	(10)	(10)
Transfer of NCTC funding from AGD	32	33	33	34
Total variations in administered appropriations	569	981	977	991
Increase in assets and liabilities				
Assets and liabilities injection	451	-	-	-
Total variations in administered assets and liabilities	451	-	-	-
Variations in departmental appropriations				
New Measures				
Australia–China Free Trade Agreement	-	43	-	-
Taskforces and increased capacity	5,629	5,211	5,247	5,302
Immigration policy	550	-	-	-
Estimates Adjustments				
Transfer of PSCC funding from AGD	4,293	7,258	6,794	-
Parameter adjustments	-	-	(177)	(149)
Total variations in departmental appropriations	10,472	12,512	11,864	5,153
Variations in departmental capital				
New departmental accommodation – bringing forward funding	4,000	(4,000)	-	-
Total variations in departmental capital	4,000	(4,000)	-	-

MEASURES — AGENCY SUMMARY

A summary of measures since the 2005–06 Budget is provided in Table 1.2. See the Mid-Year Economic and Fiscal Outlook document for further details.

Table 1.2: Summary of measures since the 2005–06 Budget

Measure title	Output groups affected	2005–06 (\$'000)			2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measures													
Australia–China Free Trade Agreement	3	-	-	-	-	43	43	-	-	-	-	-	-
Taskforces and increased capacity	All	-	5,629	5,629	-	5,211	5,211	-	5,247	5,247	-	5,302	5,302
Immigration policy	2	-	550	550	-	-	-	-	-	-	-	-	-
National Australia Day Council – increased support	4	547	-	547	965	-	965	985	-	985	1,006	-	1,006
Total of all expense measures		547	6,179	6,726	965	5,254	6,219	985	5,247	6,232	1,006	5,302	6,308

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.3: Appropriation Bill (No. 3) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Outcome 1					
Sound and well coordinated government policies, programmes and decision making processes.	22,310	7,518	8,087	569	-
Total	22,310	7,518	8,087	569	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Sound and well coordinated government policies, programmes and decision making processes.	58,931	84,515	90,694	6,179	-
Total	58,931	84,515	90,694	6,179	-
Total administered and departmental	81,241	92,033	98,781	6,748	-

Table 1.4: Appropriation Bill (No. 4) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
Outcome 1					
Sound and well coordinated government policies, programmes and decision making processes.	-	-	-	-	-
OTHER ADMINISTERED ITEMS					
Outcome 1					
Sound and well coordinated government policies, programmes and decision making processes.	-	-	-	-	-
Total	-	-	-	-	-
Non-operating					
Equity injections	3,065	10,405	14,405	4,000	-
Loans	-	-	-	-	-
Previous years' outputs	-	-	-	-	-
Administered assets and liabilities	-	-	451	451	-
Total capital	3,065	10,405	14,856	4,451	-
Department of the Prime Minister and Cabinet					
Total	3,065	10,405	14,856	4,451	-

SUMMARY OF STAFFING CHANGES

Table 1.5: Average Staffing Level

	2005–06 Budget	2005–06 Revised	Variation
Outcome			
Sound and well coordinated government policies, programmes and decision making processes	450	475	25
Total	450	475	25

The increase in ASL is due to increased activity levels across the department following increased funding at Additional Estimates.

SUMMARY OF AGENCY SAVINGS

The department is not subject to any savings.

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.6: Other receipts available to be used

	Budget estimate 2005–06 \$'000	Revised estimate 2005–06 \$'000
Departmental other receipts		
Sale of goods and services ^a	623	623
Sale of assets	60	60
Resources provided free of charge	1,015	1,800
Other ^b	1,310	1,310
Total departmental other receipts available to be used	3,008	3,793

a Sales of goods and services are mainly from AUSPIC photographic services.

b Other revenue is mainly made up of contributions from the Campaign Advertising special account for Central Advertising System expenses and from the Services for Other Governments and Non-Agency Bodies special account for other agencies' share of taskforce expenses.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

The estimated expenses for the Allowances to former Governors-General special appropriation have been increased following a recent increase in the level of allowances.

Table 1.7: Estimates of expenses from special appropriations

	Budget estimate 2005–06 \$'000	Revised estimate 2005–06 \$'000
Estimated expenses		
Provision of superannuation surcharge for former Governors-General – s4(7) GG Act 1974 (A)	-	-
Allowance to former Governors-General – s5 GG Act 1974 (A)	785	850
Remuneration and allowances of members and other expenses – s10 PCI Act 1986 (A)	-	-
Repayments required or permitted by law (where no other appropriation for repayment exists) – s28(2) FMA Act 1997 (D)	-	-
Total estimated expenses	785	850

D = Departmental; A = Administered; GG Act 1974 = *Governor-General Act 1974*; PCI Act 1986 = *Parliamentary Commission of Inquiry (Repeal Act) 1986*; FMA Act 1997 = *Financial Management and Accountability Act 1997*

ESTIMATES OF SPECIAL ACCOUNT FLOWS

There have been no changes from the Budget estimates, published in the 2005–06 Portfolio Budget Statements, for special account flows.

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

The outcome and outputs of the department remain unchanged from those specified in the 2005–06 Portfolio Budget Statements.

The department is also receiving increased administered funding through the Additional Estimates process as shown in Table 2.1.

Table 2.1: Revised administered expenses (\$'000)

	Budget estimate 2005–06 \$'000	Revised Budget 2005–06 \$'000
Special appropriations		
Allowance to former Governors-General	785	850
Total special appropriations	785	850
Annual appropriations		
Support to former Governors-General	1,130	1,127
Provision of superannuation surcharge for former Governors-General	-	-
State occasions and official visits	2,900	2,897
Women's programmes	-	-
Prime Minister's official residences	1,714	1,712
Compensation and legal expenses	400	398
National Australia Day Council	1,309	1,856
National Counter Terrorism Committee	65	97
Total annual administered appropriations	7,518	8,087

Revised performance information — 2005–06

The Budget performance information published in the 2005–06 Portfolio Budget Statements is unchanged, with the exception of prices due to the allocation of increased funding being provided through the Additional Estimates process. These changes are shown in Table 2.2.

Table 2.2: Performance information for outputs affected by additional estimates — Outcome 1

Output	Budget estimate 2005–06 \$'000	Revised Budget 2005–06 \$'000
Output Group 1 – Economic and industry policy advice		
Output 1.1 – Economic and Industry Policy	11,661	13,486
Subtotal Output Group 1	11,661	13,486
Output Group 2 – Social policy advice		
Output 2.1 – Social Policy	8,045	10,938
Subtotal Output Group 2	8,045	10,938
Output Group 3 – International policy advice		
Output 3.1 – International Policy	4,754	5,063
Output 3.2 – National Security Policy	8,785	9,283
Output 3.3 – APEC Taskforce	30,039	34,332
Subtotal Output Group 3	43,578	48,678
Output Group 4 – Support services for government operations		
Output 4.1 – Cabinet Secretariat	3,758	4,002
Output 4.2 – Cabinet Implementation	1,910	2,015
Output 4.3 – Government	8,343	8,875
Output 4.4 – Government Communications	3,875	4,193
Output 4.5 – Official Establishments	588	620
Output 4.6 – Support to Ministerial Offices	2,597	2,628
Output 4.7 – Ceremonial and Hospitality	3,169	3,345
Subtotal Output Group 4	24,240	25,678
Total Outcome 1	87,523	98,780

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the changes since the 2005–06 PBS in each of the department’s budgeted financial statements and administered schedules is provided below.

Departmental financial statements

Budgeted departmental income statement

The department is budgeting for income of \$98.8 million in 2005–06, representing an increase of \$11.3 million (\$10.5 million in appropriations) from Budget. The increase in income is a result of new measures announced since the 2005–06 Budget (\$6.2 million), the transfer of funding for managing the APEC accreditation function from the Attorney-General’s Department (\$4.3 million) and an increase in resources provided free of charge of \$0.8 million.

Total expenses are estimated to be \$98.7 million, an increase of \$12.3 million from Budget. The increase is primarily due to the activities outlined above.

Budgeted departmental balance sheet

The department’s budgeted net asset position of \$23.4 million represents an increase of \$14.4 million from the 2004–05 actual. The increase is due to increased infrastructure, plant and equipment of \$14.4 million associated with capital works for the department’s new accommodation. At Additional Estimates, the department is bringing forward \$4 million from 2006–07 to 2005–06 for capital works associated with the department’s new accommodation.

The department’s primary liability relates to accrued employee leave entitlements totalling \$12.8 million, which is estimated to increase by \$0.1 million in 2005–06.

Budgeted departmental statement of cash flows

The changes in cash inflows and outflows are attributable to the issues mentioned above.

Departmental statement of changes in equity — summary of movement

This statement is a new requirement following the adoption of the Australian Equivalents to International Financial Reporting Standards (AEIFRS). As stated above, the department is bringing forward to 2005–06 an additional \$4 million in capital.

Departmental capital budget statement

As stated above, the department is bringing forward to 2005–06 an additional \$4 million in capital associated with the department’s new accommodation.

Departmental property, plant, equipment and intangibles — summary of movement

As stated above, the department is bringing forward to 2005–06 an additional \$4 million in capital associated with the department’s new accommodation.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

The department will receive appropriation revenue of \$12.5 million for payments it will administer on behalf of the Australian Government, representing an increase of \$0.6 million from Budget. The increase is attributable to an increase in the annual grant to the National Australia Day Council (\$0.5 million) and an ongoing increase in allowances to former Governors-General (\$0.1 million).

Schedule of budgeted assets and liabilities administered on behalf of government

The department will receive an additional \$0.5 million in 2005–06 to extinguish unfunded accrued expenses that had occurred in 2002–03 due to a cash shortfall at that time. The additional funding will have no impact on the administered assets and liabilities for 2005–06.

Schedule of budgeted administered cash flows

The changes in cash inflows and outflows are attributable to the issues mentioned above.

Schedule of administered capital budget

There is no change to this statement since the 2005–06 Portfolio Budget Statements.

Schedule of administered property, plant, equipment and intangibles — summary of movement

There is no change to this statement since the 2005–06 Portfolio Budget Statements.

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME					
Revenue					
Revenues from government	58,931	94,987	116,909	111,477	61,398
Goods and services	1,704	623	623	623	623
Other	3,398	3,110	3,110	3,110	3,110
Total revenue	64,033	98,720	120,642	115,210	65,131
Gains					
Net gains from sale of assets	3	60	60	60	60
Other	-	-	-	-	-
Total gains	3	60	60	60	60
Total income	64,036	98,780	120,702	115,270	65,191
EXPENSE					
Employees	37,641	44,596	50,944	46,465	38,775
Suppliers	20,174	46,913	58,879	58,265	19,453
Grants	1,007	2,100	2,150	2,200	2,200
Subsidies	-	-	-	-	-
Depreciation and amortisation	4,091	5,059	8,569	8,180	4,603
Net losses from sale of assets	162	60	60	60	60
Other	7	-	-	-	-
Total expenses	63,082	98,728	120,602	115,170	65,091
Net surplus or (deficit) attributable to the Australian Government	954	52	100	100	100

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	661	627	627	627	627
Receivables	13,859	16,202	21,972	27,319	29,089
Accrued revenues	322	322	322	322	322
Other					
Total financial assets	14,842	17,151	22,921	28,268	30,038
Non-financial assets					
Land and buildings					
Infrastructure, plant and equipment	8,949	21,338	30,016	24,879	23,319
Intangibles	1,368	1,368	1,368	1,368	1,368
Other	511	396	378	378	378
Total non-financial assets	10,828	23,102	31,762	26,625	25,065
Total assets	25,670	40,253	54,683	54,893	55,103
LIABILITIES					
Provisions and payables					
Employees	12,650	12,760	12,870	12,980	13,090
Other	-	-	-	-	-
Suppliers	3,918	3,933	3,948	3,948	3,948
Other	140	141	142	142	142
Total provisions and payables	16,708	16,834	16,960	17,070	17,180
EQUITY^a					
Parent entity interest					
Contributed equity	2,412	16,817	31,021	31,021	31,021
Reserves	2,347	2,347	2,347	2,347	2,347
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	4,203	4,255	4,355	4,455	4,555
Total parent entity interest	8,962	23,419	37,723	37,823	37,923
Total equity	8,962	23,419	37,723	37,823	37,923
Current assets	14,842	17,151	22,921	28,268	30,038
Non-current assets	10,828	23,102	31,762	26,625	25,065
Current liabilities	4,058	4,074	4,090	4,090	4,090
Non-current liabilities	12,650	12,760	12,870	12,980	13,090

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

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,280	623	623	623	623
GST input credit receipts	2,364	1,609	1,694	1,694	1,694
GST receipts from customers	505	182	182	182	200
Appropriation receipts	58,333	89,358	111,698	106,230	56,096
Other	4,186	1,310	1,310	1,310	1,310
Total cash received	66,668	93,082	115,507	110,039	59,923
Cash used					
GST payments (Agency)	228	105	105	105	300
GST payments to suppliers	2,236	2,000	5,559	5,220	1,466
Employees	35,229	41,722	47,944	43,465	35,775
Suppliers	20,763	44,158	56,668	56,018	17,151
Grants	1,007	2,088	2,188	2,188	2,188
Other	50				
Total cash used	59,513	90,073	112,464	106,996	56,880
Net cash from or (used by) operating activities	7,155	3,009	3,043	3,043	3,043
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3	60	60	60	60
Total cash received	3	60	60	60	60
Cash used					
Purchase of property, plant and equipment	1,945	17,508	17,307	3,103	3,103
Total cash used	1,945	17,508	17,307	3,103	3,103
Net cash from or (used by) investing activities	(1,942)	(17,448)	(17,247)	(3,043)	(3,043)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	368	14,405	14,204	-	-
Total cash received	368	14,405	14,204	-	-
Cash used					
Repayments of debt	1,000	-	-	-	-
Dividends paid	4,000				
Other	94				
Total cash used	5,094	-	-	-	-
Net cash from or (used by) financing activities	(4,726)	14,405	14,204	-	-
Net increase or (decrease) in cash held	487	(34)	-	-	-
Cash at the beginning of the reporting period	174	661	627	627	627
Cash at the end of the reporting period	661	627	627	627	627

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005–06)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	4,203	2,347	-	2,412	8,962
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	4,203	2,347		2,412	8,962
Income and expense					
Income and expenses recognised directly in equity:	52	-	-	-	52
Sub-total income and expense	52	-	-	-	52
Net operating result					
Total income and expenses recognised directly in equity	52	-	-	-	52
Transactions with owners					
Contribution by owners	-	-	-	-	-
Appropriation (equity injection)				14,405	-
Sub-total transactions with owners	-	-	-	14,405	14,405
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2006	4,255	2,347	-	16,817	23,419

Table 3.5: Departmental capital budget statement

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	3,065	14,405	14,204	-	-
Total loans	-	-	-	-	-
Total capital appropriations	3,065	14,405	14,204	-	-
Represented by:					
Purchase of non-financial assets	-	14,405	14,204	-	-
Other	-	-	-	-	-
Total represented by	-	14,405	14,204	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	14,405	14,204	-	-
Funded internally by departmental resources	-	3,103	3,103	3,103	3,103
Total	-	17,508	17,307	3,103	3,103

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land \$'000	Buildings \$'000	Infrastructure plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2005					
Gross book value			22,250	4,387	26,637
Accumulated depreciation			13,301	3,019	16,320
Opening net book value			8,949	1,368	10,317
Additions:					
by purchase			17,508		17,508
Depreciation/amortisation expense			5,059		5,059
Disposals:					
other disposals			60		60
As at 30 June 2006					
Gross book value			39,698	4,387	44,085
Accumulated depreciation			18,360	3,019	21,379
Closing net book value			21,338	1,368	22,706

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Goods and services	5,009	3,600	3,600	3,600	3,600
Total income administered on behalf of government	5,009	3,600	3,600	3,600	3,600
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	11,691	1,856	2,303	2,359	2,410
Subsidies	-	-	-	-	-
Personal benefits	1,866	850	858	867	876
Employees	863	900	920	948	972
Suppliers	10,490	8,818	8,802	8,982	9,037
Depreciation and amortisation	213	113	113	113	113
Write-down and impairment of assets	231	-	-	-	-
Other	-	-	-	-	-
Total expenses administered on behalf of government	25,354	12,537	12,996	13,269	13,408

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	70	153	236	319	309
Receivables	1,576	2,027	2,027	2,027	2,027
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Accrued revenues	820	820	820	820	820
Other financial assets	-	-	-	-	-
Total financial assets	2,466	3,000	3,083	3,166	3,156
Non-financial assets					
Land and buildings	31,989	31,949	31,909	31,869	31,829
Infrastructure, plant and equipment	374	321	268	215	142
Other	27	27	27	27	27
Total non-financial assets	32,390	32,297	32,204	32,111	31,998
Total assets administered on behalf of government	34,856	35,297	35,287	35,277	35,154
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions and payables					
Employees	182	182	182	182	182
Suppliers	317	317	317	317	317
Personal benefits payable	11,100	11,100	11,100	11,100	11,100
Total provisions and payables	11,599	11,599	11,599	11,599	11,599

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods	4,373	3,600	3,600	3,600	3,600
GST input credit receipts	2,346	800	800	800	800
GST receipts from customers	497	100	100	100	100
Cash from Official Public Account	27,787	8,927	9,386	9,659	9,685
Other	378	-	-	-	-
Total cash received	35,381	13,427	13,886	14,159	14,185
Cash used					
Financing costs	-	-	-	-	-
GST payments (Agency)	482	100	100	100	100
GST payments to suppliers	2,020	800	800	800	800
Employees	856	900	920	948	972
Grant payments	11,691	1,856	2,303	2,359	2,410
Personal benefits	1,066	850	858	867	876
Suppliers	10,451	8,818	8,802	8,982	9,037
Other	9,149	-	-	-	-
Total cash used	35,715	13,324	13,783	14,056	14,195
Net cash from or (used by) operating activities	(334)	103	103	103	(10)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	29	20	20	20	20
Total cash used	29	20	20	20	20
Net cash from or (used by) investing activities	(29)	(20)	(20)	(20)	(20)
Net increase or (decrease) in cash held	(363)	83	83	83	(10)
Cash at beginning of reporting period	433	70	153	236	319
Cash at end of reporting period	70	153	236	319	309

Table 3.10: Schedule of administered capital budget

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	-	451	-	-	-
Special appropriations	-	-	-	-	-
Total capital appropriations	-	451	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	451	-	-	-
Total represented by	-	451	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	-	20	20	20	-
Total	-	20	20	20	-

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land \$'000	Buildings \$'000	Infrastructure plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2005					
Gross book value	28,000	6,719	1,240	-	35,959
Accumulated depreciation	-	2,730	866	-	3,596
Opening net book value	28,000	3,989	374	-	32,363
Additions:					
by purchase	-	-	20	-	20
Depreciation/amortisation expense	-	40	73	-	113
As at 30 June 2006					
Gross book value	28,000	6,719	1,260	-	35,979
Accumulated depreciation	-	2,770	939	-	3,709
Closing net book value	28,000	3,949	321	-	32,270

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The department's financial statements have been prepared on an accrual basis in accordance with:

- Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- Finance Minister's Orders, and
- Accounting Guidance Releases
- Consensus Views of the Urgent Issues Group

and having regard to Statements of Accounting Concepts.

Departmental

Revenue

Appropriation revenue accounts for 97% of departmental revenue. The remaining 3% of revenue is from goods and services (AUSPIC), sale of assets, and other (comprising the activities of the Campaign Advertising special account and resources received free of charge).

Expenses

Employee expenses comprise approximately 65% of departmental expenses for 2005–06. The remainder is largely made up of supplier expenses.

Grants relate to research grants on security technology and grants to the Australian Fund.

Assets

Infrastructure, plant and equipment comprises office fit-out and office equipment.

Intangibles are computer software applications.

Receivables relates to funding for depreciation and employee entitlements that has been returned to the Official Public Account.

Other assets are prepayments.

Liabilities

Employee liabilities are provisions for recreation leave, long service leave and accrued salaries.

Suppliers are creditors (usually invoices on hand, but not yet due for payment).

Equity

Reserves are asset revaluation reserves resulting from the revaluation undertaken during 2002–03.

Administered

Revenue

Goods and services revenue relates to commissions received from the master media placement agency for whole-of-government advertising which is receipted to the Media Commissions Special Account.

Expenses

Grants relate to grants made to the National Australia Day Council.

Personal benefits relate to the allowances for the former Governors-General. These are adjusted each year in line with an actuarial assessment based on the number of former Governors-General, their and their spouses' life expectancies, and projected increases in their retirement allowances.

Suppliers includes state occasions and official visits, the Prime Minister's official residences, support to former Governors-General, compensation and legal expenses and payments made from the Media Commissions Special Account to the master media placement agency for managing whole-of-government advertising.

Depreciation relates to the Prime Minister's official residences, plant and equipment and other.

Assets

Cash and receivables relate to the receipting of commissions to the Media Commissions Special Account and the transfer of cash from this account to the Official Public Account.

Land and buildings are the Prime Minister's official residences: the Lodge and Kirribilli House.

Infrastructure, plant and equipment comprise furniture and fittings within the Prime Minister's official residences and within the offices of the former Governors-General.

Other assets are prepayments and inventory (official gifts relinquished as part of the state occasions and official visits item).

Liabilities

Employee liabilities are provisions relating to staff at the Lodge and Kirribilli House.

Personal benefits payable relates to the entitlements of the former Governors-General. These are adjusted each year on the basis of an actuarial assessment.

Suppliers are creditors (usually invoices on hand, but not yet due for payment).

AUSTRALIAN NATIONAL AUDIT OFFICE

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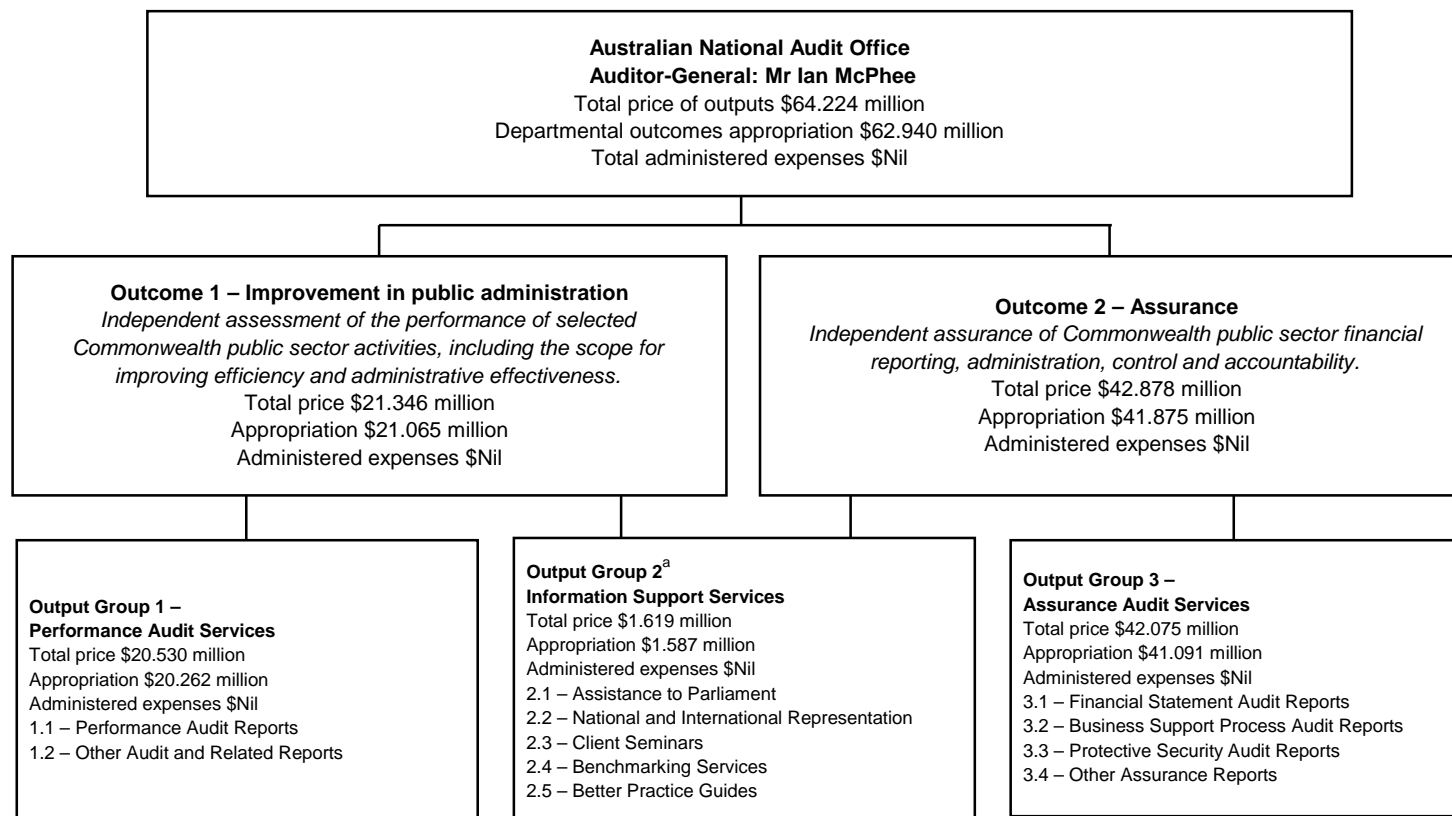
Section 1: Agency overview and resources; variations and measures

OVERVIEW

The ANAO's outcome and outputs structure is unchanged from that shown in the 2005–06 Portfolio Budget Statements.

The total departmental price of outputs and the allocation of appropriations to output groups are shown in Figure 1.

Figure 1: Agency outcomes and output groups



^a The total price and appropriations in Output Group 2 are allocated to Outcomes 1 and 2 on the basis of the hours estimated to be expended within each outcome.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Variations — Measures

The ANAO is being provided with additional funding of \$3.6 million over four years and \$0.9 million ongoing to enable the ANAO to undertake its increased auditing requirements and to meet the increased costs of providing auditing services, which will be recovered through audit fees.

Since the preparation of the 2005–06 Budget, there has been an increase in the number of entities that will require their financial statements audited in 2005–06 and beyond.

Table 1.1: Additional estimates and variations to outcomes — measures

	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)	2008–09 (\$'000)
Outcome 2				
Increase in departmental appropriations				
Auditing of Australian Government entities	1,061	828	845	863

Table 1.2: Summary of measures since the 2005–06 Budget

Measure title	Output groups affected	2005–06 (\$'000)			2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures													
<u>Outcome 2</u>													
Auditing of Australian Government entities	3	-	1,061	1,061	-	828	828	-	845	845	-	863	863
Total expense measures		-	1,061	1,061	-	828	828	-	845	845	-	863	863
Capital measures		-	-	-	-	-	-	-	-	-	-	-	-
Total capital measures		-	-	-	-	-	-	-	-	-	-	-	-
Revenue measures		-	-	-	-	-	-	-	-	-	-	-	-
<u>Outcome 2</u>													
Auditing of Australian Government entities	3	-	1,061	1,061	-	828	828	-	845	845	-	863	863
Total revenue measures		-	1,061	1,061	-	828	828	-	845	845	-	863	863
Total of all measures		-	-	-	-	-	-	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.3: Appropriation Bill (No. 3) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS					
Total	-	-	-	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Improvement in Public Administration	21,748	21,065	21,065	-	-
Outcome 2					
Assurance	39,062	40,814	41,875	1,061	-
Total	60,810	61,879	62,940	1,061	-
Total administered and departmental	60,810	61,879	62,940	1,061	-

The ANAO is not being provided with additional capital through Appropriation Bill (No.4) 2005–06.

SUMMARY OF STAFFING CHANGES

There is no change from Budget.

SUMMARY OF AGENCY SAVINGS

The ANAO is not subject to any savings.

OTHER RECEIPTS AVAILABLE TO BE USED

There is no change from Budget.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There is no change from Budget.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

There is no change from Budget.

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Figure 1 ‘Agency outcomes and outputs groups’ lists the outcome statements and output groups for the ANAO.

There is no change to the outcome and output structure.

Revised performance information — 2005–06

Performance information has not changed except for the price of each output. The change in price is due to the extra funding and changes to accounting treatments as a result of the adoption of AEIFRS. See Table 2.1 below.

Table 2.1: Performance information for outputs affected by additional estimates

Output	Performance information 2005–06 budget Price: \$'000	Performance information 2005–06 revised Price: \$'000
Output group 1 – Performance audit services	20,574	20,530
Output group 2 – Information support services	1,622	1,619
Output group 3 – Assurance audit services	41,059	42,075
Total	63,255	64,224

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

Total revenue of 2005–06 is estimated at \$64.2 million (2004–05: \$62.2 million). Funding of the new measure disclosed in the 2005–06 Portfolio Additional Estimates Statements increases departmental revenue available to the ANAO by \$1.1 million in the 2005–06 financial year. The \$1.1 million is for resources to conduct financial statement audits of new entities established since the 2005–06 Budget. These entities require their financial statements to be audited in 2005–06 and beyond.

Adjustments were made to the income statement from last year's published financial statements as a result of the adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS). These adjustments relate mainly to the treatment of leases under *AASB 117 Leases*, and the discounting of employee leave and other provisions under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. These are discussed in more detail in the analysis of the Budgeted departmental balance sheet.

The income statement shows that the ANAO will incur a deficit of \$0.9 million in 2005–06. This will occur primarily because of the need to fund additional financial statement auditing in the Department of Defence. This work has arisen from the need to review changes in systems and procedures, and to conduct additional testing of account balances at year end, as a result of Defence's financial statement remediation plans. Funding to recover these costs will be sought in the context of the Budget.

Budgeted departmental balance sheet

This statement shows the financial position of the ANAO. A number of changes have occurred to the balance sheet since the Portfolio Budget Statements. These changes include the impacts of the adoption of AEIFRS, and the use of the appropriation receivable for additional expenditure.

The AEIFRS changes are as follows:

- *AASB 117 Leases* requires the rental expense and income recorded each year to be the average annual cost of the lease's total costs over the term of the lease where the lease has a fixed rate of increase. This is in contrast with the approach applied in the preparation of the ANAO's financial statements for 2004–05 and preceding years.

which was to expense lease costs in accordance with the annual rates specified in the lease agreement.

In the ANAO's situation, this means that, although the actual rent paid will still be in accordance with annual rates specified in the lease agreement, the expense recorded will be the average lease cost.

The balance sheet for 2005–06 will therefore record a liability in the suppliers balance, and a smaller receivable in the receivables balance, for the sub-lease of Centenary House, as a result of the required accounting entries to reflect the difference between the lease payments and receipts and the lease expense and income recorded. This, in turn, will reduce the previous retained surpluses to an accumulated deficit. The liability and receivable will be eliminated by the end of the lease as the initial accounting entries are reversed.

- The rental bond for the sub-lease of the third floor of Centenary House has been discounted as per *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. This is included as an Other Payable.
- The non-current portion of the annual leave provision has been discounted in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.
- An asset, and corresponding provision, reflecting the cost of 'making good' Centenary House at the end of the current lease has been recorded in the balance sheet in accordance with *AASB 116 Impairment of Assets* and *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. The asset is expected to be revalued in the 2005–06 financial year. This has been reflected in Table 3.2.

The appropriation receivable balance shows a reduction in each year as the budget savings identified as a result of the change of accounting treatment of operating leases discussed above has been budgeted to be used to meet increasing cost pressures.

Budgeted departmental statement of cash flows

The statement of cash flows shows appropriation figures that contain the additional cash drawn from the Appropriation Receivable account to meet cash requirements in the 2005–06 to 2008–09 financial years. The increase in cash used is required to meet increased cost pressures, such as increased employee and contractor costs.

The ANAO's working capital cash balance of \$0.9 million is maintained each year in accordance with our agreement with the Department of Finance and Administration.

Departmental statement of changes in equity — summary of movement

The statement of changes in equity shows the expected revaluation of the make-good asset. Infrastructure, plant and equipment and intangibles assets will be revalued in 2005–06 in accordance with *AASB 116 Property, Plant and Equipment*. However, the financial impact of this has not been included as it cannot be reliably measured or estimated at this point in time. The budgeted deficit for 2005–06 is shown in this statement.

Departmental capital budget statement

The capital budget shows a continuing prudent investment in non-financial assets.

Departmental property, plant, equipment and intangibles — summary of movement

The ANAO plans to maintain its modest investment in non-financial assets. That position is reflected in the movement in non-financial assets.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

Estimated administered revenues from the provision of audit services to certain Australian Government agencies reflects the estimated effect of recovery of auditing costs, including the funding of the new measure shown in Table 1.1.

Schedule of budgeted assets and liabilities administered on behalf of government

The estimated administered assets and liabilities relate to ongoing audit activity and the transfer of audit fee revenue to the Official Public Account. No non-financial administered assets are held.

Schedule of budgeted administered cash flows

Administered monies are transferred to the Official Public Account on an ongoing basis.

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME					
Revenue					
Revenues from government	60,810	62,940	62,566	63,220	63,908
Goods and services	834	722	755	794	834
Rents	542	542	542	543	125
Other	15	20	20	20	20
Total income	62,201	64,224	63,883	64,577	64,887
EXPENSE					
Employees	28,160	27,864	27,864	27,864	28,921
Suppliers	30,333	35,697	34,710	35,404	33,666
Depreciation and amortisation	1,176	1,200	1,300	1,300	1,300
Finance costs		8	9	9	
Write-down of assets and impairment of assets	29	-	-	-	-
Other	1,120	370	-	-	1,000
Total expenses	60,818	65,139	63,883	64,577	64,887
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Operating result from continuing operations	1,383	(915)	-	-	-
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discontinued operations	-	-	-	-	-
Operating result	1,383	(915)	-	-	-
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	1,383	(915)	-	-	-

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	950	900	900	900	900
Receivables	18,921	15,819	12,892	11,685	8,650
Other	4	19	20	20	20
Total financial assets	19,875	16,738	13,812	12,605	9,570
Non-financial assets					
Infrastructure, plant and equipment	3,578	4,214	3,466	3,517	4,914
Intangibles	225	544	525	525	525
Assets held for sale					
Other	853	600	600	620	650
Total non-financial assets	4,656	5,358	4,591	4,662	6,089
Total assets	24,531	22,096	18,403	17,267	15,659
LIABILITIES					
Interest bearing liabilities					
Other	1,882	1,360	830	141	-
Total interest bearing liabilities	1,882	1,360	830	141	-
Provisions					
Employees	8,532	8,694	8,364	8,555	8,101
Other	630	1,000	1,000	1,000	1,000
Total provisions	9,162	9,694	9,364	9,555	9,101
Payables					
Suppliers	9,991	7,888	5,046	4,399	3,566
Other	154	162	171	180	-
Total payables	10,145	8,050	5,217	4,579	3,566
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	21,189	19,104	15,411	14,275	12,667

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	4,929	4,929	4,929	4,929	4,929
Reserves	717	1,282	1,282	1,282	1,282
Statutory funds					
Retained surpluses or accumulated deficits	(2,304)	(3,219)	(3,219)	(3,219)	(3,219)
Total parent entity interest	3,342	2,992	2,992	2,992	2,992
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	3,342	2,992	2,992	2,992	2,992
Current assets	20,408	17,150	14,374	13,225	10,220
Non-current assets	4,123	4,946	4,029	4,042	5,439
Current liabilities	9,005	9,103	8,983	9,715	7,349
Non-current liabilities	12,184	10,001	6,428	4,560	5,318

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

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,413	1,145	1,416	1,357	1,370
Appropriations	59,864	65,801	65,493	64,427	66,343
Other	320				
Total cash received	61,597	66,946	66,909	65,784	67,713
Cash used					
Employees	28,248	27,596	28,185	27,673	29,375
Suppliers	32,018	37,809	37,724	36,311	36,538
Total cash used	60,266	65,405	65,909	63,984	65,913
Net cash from or (used by) operating activities	1,331	1,541	1,000	1,800	1,800
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,124	1,150	1,000	1,800	1,800
Purchase of intangibles	163	441	-	-	-
Total cash used	1,287	1,591	1,000	1,800	1,800
Net cash from or (used by) investing activities	(1,287)	(1,591)	(1,000)	(1,800)	(1,800)
FINANCING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	44	(50)	-	-	-
Cash at the beginning of the reporting period	906	950	900	900	900
Cash at the end of the reporting period	950	900	900	900	900

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005–06)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	(2,304)	717	-	4,929	3,342
Adjustment for changes in accounting policies					
Adjusted opening balance	(2,304)	717	-	4,929	3,342
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	565	-	-	565
Sub-total income and expense	-	565	-	-	565
Net operating result	(915)	-	-	-	(915)
Total income and expenses recognised directly in equity	(915)	565	-	-	(350)
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2006	(3,219)	1,282	-	4,929	2,992

Table 3.5: Departmental capital budget statement

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations					
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	1,287	1,591	1,000	1,800	1,800
Total	1,287	1,591	1,000	1,800	1,800

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land	Buildings	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005							
Gross book value	-	-	3,578	-	2,591	-	6,169
Accumulated depreciation	-	-	-	-	(2,366)	-	(2,366)
value	-	-	3,578	-	225	-	3,803
Additions:							
by purchase	-	-	1,150	-	441	-	1,591
by finance lease	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-
Revaluations and impairment through equity							
	-	-	565	-	-	-	565
Reclassifications	-	-	-	-	-	-	-
Depreciation/ amortisation expense	-	-	(1,079)	-	(122)	-	(1,201)
Impairments recognised in operating result	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
Disposals:							
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-
write offs (fully depreciated assets)	-	-	-	-	(1,763)	-	(1,763)
As at 30 June 2006							
Gross book value	-	-	5,293	-	1,269	-	6,562
Accumulated depreciation	-	-	(1,079)	-	(725)	-	(1,804)
Closing net book value	-	-	4,214	-	544	-	4,758

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Goods and services	11,807	13,272	13,062	13,079	13,097
Total non-taxation	11,807	13,272	13,062	13,079	13,097
Total revenues administered on behalf of government	11,807	13,272	13,062	13,079	13,097
Gains	-	-	-	-	-
Total gains administered on behalf of government	-	-	-	-	-
Total income administered on behalf of government	11,807	13,272	13,062	13,079	13,097
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Total expenses administered on behalf of government	-	-	-	-	-

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	-	-	-	-	-
Receivables	3,026	2,250	2,300	2,350	2,350
Other financial assets	296	538	538	538	538
Total financial assets	3,322	2,788	2,838	2,888	2,888
Non-financial assets					
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of government	3,322	2,788	2,838	2,888	2,888
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Total provisions	-	-	-	-	-
Payables					
Other payables	372	247	247	247	247
Total payables	372	247	247	247	247
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of government	372	247	247	247	247

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Rendering of services	11,198	14,599	14,368	14,387	14,407
Total cash received	11,198	14,599	14,368	14,387	14,407
Cash used					
Other	1,018	1,327	1,306	1,308	1,310
Total cash used	1,018	1,327	1,306	1,308	1,310
Net cash from or (used by) operating activities	10,180	13,272	13,062	13,079	13,097
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	10,180	13,272	13,062	13,079	13,097
Cash at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
– appropriations	-	-	-	-	-
– special accounts	-	-	-	-	-
Transfers from other entities					
(Finance – Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
– appropriations	-	-	-	-	-
– special accounts	-	-	-	-	-
– other	-	-	-	-	-
Transfers to other entities	(10,180)	(13,272)	(13,062)	(13,079)	(13,097)
(Finance – Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	0	0	(0)	(0)

NOTES TO THE FINANCIAL STATEMENTS

Departmental and administered

The material revisions are to the Budgeted departmental income statement and the Budgeted departmental balance sheet and statement of cash flows. The revisions comprise recognition of additional appropriation revenue (totalling \$3.6 million over four years) and expenses of the same amount, which reflect the increased costs of providing auditing services for bodies subject to the *Commonwealth Authorities and Companies Act 1997*.

Basis of accounting

The agency's financial statements have been prepared on an accrual basis in accordance with:

- Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- Finance Minister's Orders
- Accounting Guidance Releases
- Consensus Views of the Urgent Issues Group

and having regard to Statements of Accounting Concepts.

Departmental and administered Items

ANAO departmental assets, liabilities, revenues and expenses are those items that are controlled by the ANAO that are used in producing outputs, and include:

- computers, plant and equipment used in providing goods and services
- liabilities for employee entitlements
- revenue from appropriations or independent sources in payment for outputs
- employee, supplier and depreciation expenses incurred in providing ANAO outputs.

Administered items are those items incurred in providing programs that are controlled by the government and managed, or oversighted, by the ANAO on behalf of the government. The majority of revenue earned for provision of audit services is administered revenue.

Revenue from government

Revenue from government is revenue relating to the core operating activities of the ANAO. From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Appropriations to ANAO for its departmental outputs are

recognised as revenue to the extent that they have been received into the ANAO's bank account or are entitled to be received by the ANAO at year end.

Sale of goods and services

All revenues described in this note are revenues relating to the audit and related operating activities of the ANAO, whether in its own right or on behalf of the Commonwealth, except for revenues received from the sub-lease of surplus space and gains from the sale of ANAO assets. Revenue from the provision of services is recognised upon the delivery of audit and related services. Sale of goods and services includes rental revenue from the sub-lease of space in the Canberra office. Audit revenue is recognised by reference to the stage of completion, determined according to the proportion of costs incurred to date compared to the estimated total costs of the transaction. Other income is recognised when received into the ANAO's bank account or at the point where an entitlement exists.

Employee expenses

Employee expenses include salaries, allowances, leave entitlements, fringe benefits tax, redundancy expenses, superannuation and workers compensation insurance.

Suppliers

Supplier expenses consist of contract audit costs, audit disbursements, information technology and systems development costs, property operating costs, and professional development and administrative costs.

Cash

Cash includes notes and coins held and any deposits held with a bank or financial institution.

Receivables

Departmental receivables include an appropriation, employee and audit fees receivable, as well as goods and services input tax credits and other receivables.

Administered receivables represent audit fees due and payable by Australian Government companies and authorities. 'Other financial assets' is work in progress, which is the value of audit work undertaken that has not been billed at balance date.

Non-financial assets

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance sheet, with the exception of purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of the purchase a

group of similar items which are significant in total). Other non-financial assets include prepayments.

Infrastructure, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the ANAO, using the straight-line method of depreciation in all cases. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements and the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date, and necessary adjustments are recognised in the current and/or future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

From 1 July 2002, Australian Government agencies and authorities have been required to use either the cost basis or the fair value basis to measure property, plant and equipment. Fair value essentially reflects the current market value of an asset.

Employee provisions

Employee provisions consist of annual leave, long service leave, superannuation and other employee-related liabilities.

Interest-bearing liabilities

In accordance with UIG Abstract 1 'Lessee Accounting for Surplus Space under a Non-Cancellable Operating Lease', the cost of Centenary House surplus space in the financial year ended 30 June 1998 was written off. This resulted in a charge to the operating statement of \$10.7 million and the establishment of a surplus space liability for an equivalent amount in the Balance sheet. This liability will be progressively reduced to nil over the period of the lease, which will expire in 2008 and includes adjustments in respect of the sub-lease of the surplus space in 1998–1999 for 4½ years and in 2002–2003 for the remainder of the lease term. There is also a corresponding increase in revenue equal to the net present value of the amount of the sub-lease.

Contributed equity

The contributed equity comprises an equity injection of \$5.3 million received from government in 1998–99, a further \$0.7 million in 1999–2000 and repayment of \$1.1 million in 2002–03.

AUSTRALIAN PUBLIC SERVICE COMMISSION

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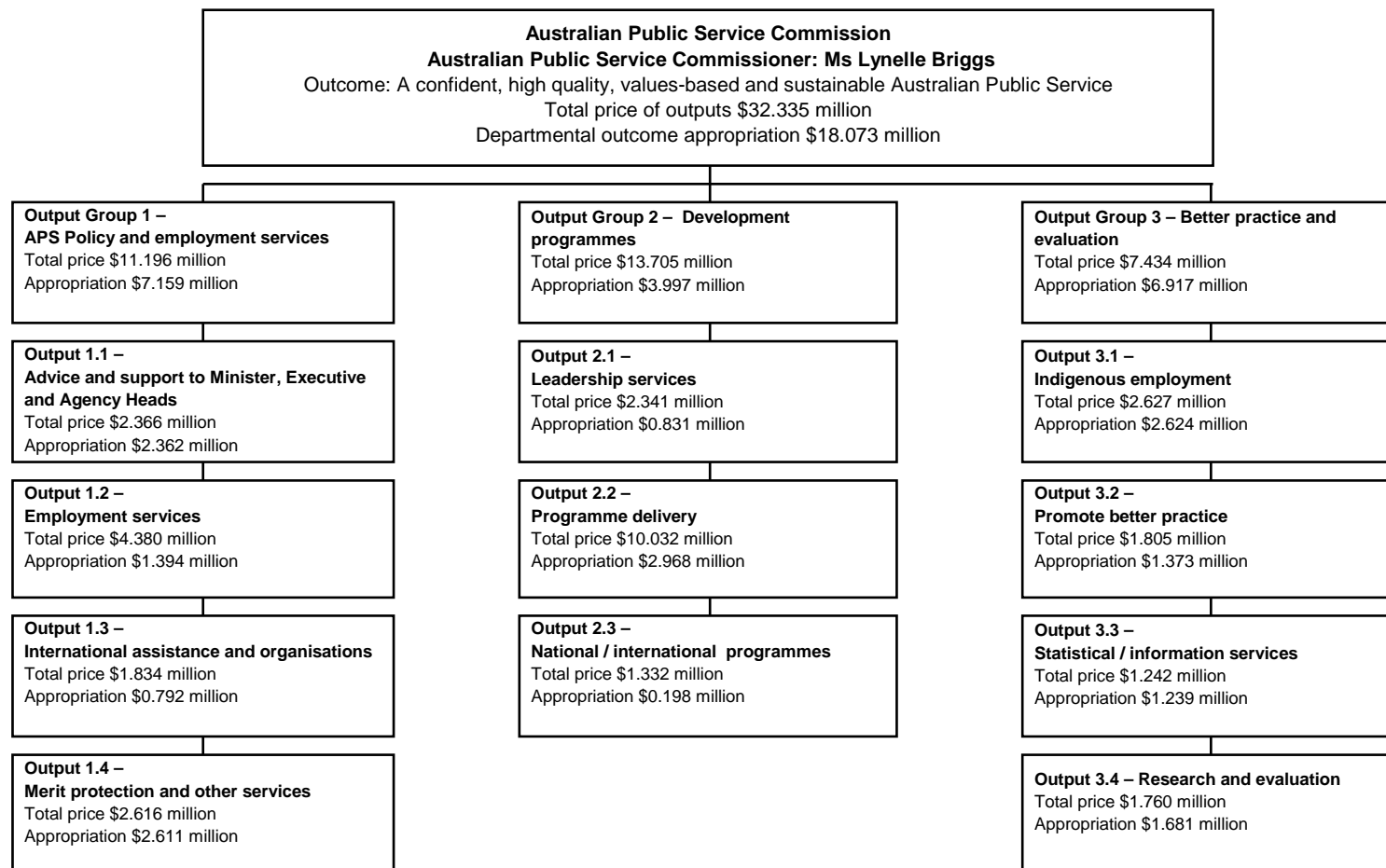
AUSTRALIAN PUBLIC SERVICE COMMISSION

Section 1: Agency overview and resources; variations and measures

OVERVIEW

The Commission's role is unchanged from that presented in the 2005–06 Portfolio Budget Statements. Figure 1 shows the Commission's outcome and outputs structure.

Figure 1: Agency outcomes and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Commission's appropriation for 2005–06 is increasing by \$1.2 million, from \$16.9 million to \$18.1 million. This change comprises a measure totalling \$6.4 million over three years to improve employment opportunities for Aboriginal and Torres Strait Islanders in the Australian Public Service (APS). This measure will also increase the APS's capacity for whole-of-government work, particularly on Indigenous issues.

Further information can be found in the press release of 12 August 2005 issued by the Prime Minister.

Variations — Measures

Table 1.1: Additional estimates and variations to outcomes—measures

	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)	2008–09 (\$'000)
Outcome 1				
Variations in departmental appropriations				
New Measures:				
Aboriginal and Torres Strait Islander employees – employment and capability strategy	1,200	2,624	2,625	-

MEASURES — AGENCY SUMMARY

The Commission is being provided with additional funding by way of a single measure as shown in Table 1.2, Summary of measures since the 2005–06 Budget — Aboriginal and Torres Strait Islander employees — employment and capability strategy. See the Mid-Year Economic and Fiscal Outlook document for further details.

Table 1.2: Summary of measures since the 2005–06 Budget

Measure title	Output groups affected	2005–06 (\$'000)			2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures													
Aboriginal and Torres Strait Islander employees – employment and capability strategy	3.1	-	1,200	1,200	-	2,624	2,624	-	2,625	2,625	-	-	-
Total expense measures		-	1,200	1,200	-	2,624	2,624	-	2,625	2,625	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The total appropriation for the Commission in the 2005–06 Budget is \$18.1 million. Table 1.3 shows the appropriations for the Australian Public Service Commission for 2005–06 by Outcome.

The total price of outputs is \$32.3 million, of which \$18.1 million (56%) is being met from government appropriations, with the balance of \$14.3 million being met from other revenue mainly accounted for by:

- sales of goods and services (eg fees from leadership, learning and development activities, employment-related fees for service activities and gazette subscriptions)
- resources received free of charge from the Australian National Audit Office.

The Commission's 2005–06 departmental appropriation has increased by \$1.2 million as a result of the Aboriginal and Torres Strait Islander employees — employment and capability strategy measure. This measure totals \$6.4 million over three years and is intended to increase the number and skills of Aboriginal and Torres Strait Islanders in the APS and improve their employment opportunities. It will also make the APS better able to do whole-of-government work, especially on Indigenous issues.

Table 1.3: Appropriation Bill (No. 3) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
A confident, high quality, values-based and sustainable Australian Public Service	17,195	16,873	18,073	1,200	-
Total departmental	17,195	16,873	18,703	1,200	-

Note 1: 2004–05 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM – Savings – Rephasings – Other Reductions +/- section 32.

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level

	2005–06 Budget	2005–06 Revised	Variation
Outcome 1			
A confident, high quality, values-based and sustainable Australian Public Service.	179	182	3
Total	179	182	3

SUMMARY OF AGENCY SAVINGS

The Commission is not subject to any savings.

OTHER RECEIPTS AVAILABLE TO BE USED

There is no change from Budget.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There is no change from Budget.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

There is no change from Budget.

Section 2: Revisions to agency outcomes

OUTCOMES AND OUTPUTS

There has been no change to the structure of the Commission's outcome or outputs.

The Additional Estimates funding has been reflected as follows:

Australian Public Service (APS) Indigenous Employment Strategy resources have been included in Output Group 3 Better Practice and Evaluation, Output 3.1 Indigenous Employment.

Revised performance information — 2005–06

The Aboriginal and Torres Strait Islander employees — employment and capability strategy measure has been incorporated into the existing Output 3.1. The 2005–06 Portfolio Budget Statements Output Group 3 Better Practice and Evaluation, Output 3.1 Indigenous Employment performance measures will be used to measure the outcomes of the elements of the Indigenous Employment Strategy that will be undertaken in 2005–06. The short-term initiatives (to be undertaken in 2005–06) expand and strengthen the appropriation-funded work that has already commenced.

The Indigenous Employment Strategy Steering Committee will be working to develop additional measures to assess the outcomes of the 2006–07 and 2007–08 initiatives. The steering committee consists of representatives from 14 agencies at the Deputy Secretary or Division Head level. The committee meets quarterly, with the next meeting scheduled for early December 2005.

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1

Output	Performance information 2005–06 budget Price: \$'000	Performance information 2005–06 revised Price: \$'000
Output group 1 – APS Policy and employment services		
Output 1.1 – Advice and support to Minister, Executive and Agency Heads	2,366	2,366
Output 1.2 – Employment services	4,380	4,380
Output 1.3 – International assistance and organisations	1,834	1,834
Output 1.4 – Merit Protection and other services	2,616	2,616
	11,196	11,196
Output group 2 – Development programmes		
Output 2.1 – Leadership services	2,341	2,341
Output 2.2 – Programme delivery	10,032	10,032
Output 2.3 – National / International programmes	1,332	1,332
	13,705	13,705
Output group 3 – Better practice and evaluation		
Output 3.1 – Indigenous employment	1,427	2,627
Output 3.2 – Promote better practice	1,805	1,805
Output 3.3 – Statistical / Information services	1,242	1,242
Output 3.4 – Research and evaluation	1,760	1,760
	6,234	7,434
Total outcome 1	31,135	32,335

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements have been prepared under Australian Equivalents to International Financial Reporting Standards (AEIFRS). Actual results for 2004–05 have been adjusted for the impact of adopting AEIFRS. Disclosure of the changes to accounting policies and financial reports upon the adoption of AEIFRS are contained in pages 133 to 136 of the Commission's 2004–05 annual report.

Departmental financial statements

Budgeted departmental income statement

Both appropriation revenue and operating expenses have been increased by \$1.2 million in 2005–06, \$2.6 million in 2006–07 and \$2.6 million in 2007–08 (total of \$6.4 million) as a result of the Aboriginal and Torres Strait Islander employees — employment and capability strategy measure.

Actual results for 2004–05 include a reduction in expenses of \$0.1 million due to the adoption of AEIFRS.

Budgeted departmental balance sheet

Balances for 2005–06 to 2008–09 have been revised to take into account the actual results for 2004–05. Actual balances for 2004–05 have been adjusted due to the adoption of AEIFRS. In those adjustments, assets decreased by \$0.1 million, liabilities increased by \$0.4 million and equity decreased by \$0.6 million.

Budgeted departmental statement of cash flows

There have been no changes from the 2005–06 Portfolio Budget Statements except to reflect the 2004–05 actual results.

Departmental statement of changes in equity — summary of movement

There are no budgeted changes to equity for 2005–06. The opening balances have been reduced by \$0.6 million due to the adoption of AEIFRS.

Departmental capital budget statement

There have been no changes from the 2005–06 Portfolio Budget Statements except to reflect the 2004–05 actual results.

Departmental property, plant, equipment and intangibles — summary of movement

The opening balances have been revised to take into account the actual closing balances for 2004–05.

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME					
Revenue					
Revenues from government	17,195	18,073	19,234	19,378	16,933
Goods and services	15,347	14,224	14,845	15,381	15,936
Other	38	38	38	38	38
Total revenue	32,580	32,335	34,117	34,797	32,907
Gains					
Net gains from sale of assets	3	-	-	-	-
Other	-	-	-	-	-
Total gains	3	-	-	-	-
Total income	32,583	32,335	34,117	34,797	32,907
EXPENSE					
Employees	16,192	15,553	15,528	15,677	14,951
Suppliers	14,437	15,203	16,915	17,460	16,085
Depreciation and amortisation	1,022	1,519	1,614	1,600	1,811
Finance costs	52	45	45	45	45
Write-down of assets and impairment of assets	8	15	15	15	15
Net losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	31,711	32,335	34,117	34,797	32,907
Operating result	872	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	872	-	-	-	-

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	864	450	450	450	450
Receivables	7,743	8,732	9,116	9,819	7,164
Accrued revenues	740	736	762	784	807
Other	20	20	20	20	20
Total financial assets	9,367	9,938	10,348	11,073	8,441
Non-financial assets					
Land and buildings	979	759	538	463	3,632
Infrastructure, plant and equipment	1,044	627	175	427	227
Inventories	59	59	59	59	59
Intangibles	622	553	724	439	25
Prepayments paid	345	366	384	405	421
Total non-financial assets	3,049	2,364	1,880	1,793	4,364
Total assets	12,416	12,302	12,228	12,866	12,805
LIABILITIES					
Interest bearing liabilities					
Leases	635	373	51	441	119
Lease incentives	143	106	68	34	3
Total interest bearing liabilities	778	479	119	475	122
Provisions					
Employees	5,112	5,270	5,433	5,601	5,774
Make good	469	469	469	469	469
Total provisions	5,581	5,739	5,902	6,070	6,243
Payables					
Suppliers	1,942	1,917	1,995	2,063	2,142
Prepayments received	1,709	1,761	1,806	1,852	1,892
Other	38	38	38	38	38
Total payables	3,689	3,716	3,839	3,953	4,072
Total liabilities	10,048	9,934	9,860	10,498	10,437
EQUITY^a					
Parent entity interest					
Contributed equity	(1,894)	(1,894)	(1,894)	(1,894)	(1,894)
Reserves	1,013	1,013	1,013	1,013	1,013
Retained surpluses or accumulated deficits	3,249	3,249	3,249	3,249	3,249
Total parent entity interest	2,368	2,368	2,368	2,368	2,368
Total equity	2,368	2,368	2,368	2,368	2,368
Current assets	9,771	10,363	10,791	11,537	8,921
Non-current assets	2,645	1,939	1,437	1,329	3,884
Current liabilities	5,377	5,447	5,614	5,774	5,940
Non-current liabilities	4,671	4,487	4,246	4,724	4,497

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

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	17,577	15,695	16,280	16,882	17,484
Appropriations	17,195	18,073	19,234	19,378	16,933
Other	477	87	124	91	3,159
Total cash received	35,249	33,855	35,638	36,351	37,576
Cash used					
Employees	16,200	15,395	15,365	15,509	14,778
Suppliers	15,639	17,078	18,784	19,359	18,387
Financing costs	38	45	45	45	45
Other	2,297	584	332	658	-
Total cash used	34,174	33,102	34,526	35,571	33,210
Net cash from or (used by) operating activities	1,075	753	1,112	780	4,366
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	2	-	-	-	-
Other	-	-	-	-	-
Total cash received	2	-	-	-	-
Cash used					
Purchase of property, plant and equipment	572	165	102	40	3,866
Other	253	1,002	1,010	740	500
Total cash used	825	1,167	1,112	780	4,366
Net cash from or (used by) investing activities	(823)	(1,167)	(1,112)	(780)	(4,366)
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	252	(414)	-	-	-
Cash at the beginning of the reporting period	612	864	450	450	450
Cash at the end of the reporting period	864	450	450	450	450

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005–06)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	3,249	1,013	-	(1,894)	2,368
Adjustment for changes in accounting policies					-
Adjusted opening balance	3,249	1,013	-	(1,894)	2,368
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-			-
Sub-total income and expense	-	-	-	-	-
Net operating result	-				
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-				-
Returns of capital					
Restructuring				-	-
Other				-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)				-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2006	3,249	1,013	-	(1,894)	2,368

Table 3.5: Departmental capital budget statement

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections					
Total loans					
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets					
Other					
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	825	753	1,112	780	4,366
Total	825	753	1,112	780	4,366

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land	Buildings	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005							
Gross book value	-	1,317	1,486	-	145	693	3,641
Accumulated depreciation	-	(338)	(442)	-	(38)	(178)	(996)
Opening net book value	-	979	1,044	-	107	515	2,645
Additions:							
by purchase	-	75	90	-	103	485	753
by finance lease	-	-	60	-	-	-	60
Depreciation/ amortisation expense		(295)	(567)		(170)	(487)	(1,519)
Disposals:							
other disposals	-	-	-	-	-	-	-
As at 30 June 2006							
Gross book value	-	1,392	1,636	-	248	1,178	4,454
Accumulated depreciation	-	(633)	(1,009)	-	(208)	(665)	(2,515)
Closing net book value	-	759	627	-	40	513	1,939

NOTES TO THE FINANCIAL STATEMENTS

Departmental

Basis of accounting

The agency's financial statements have been prepared on an accrual basis in accordance with:

- Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- Finance Minister's Orders
- Accounting Guidance Releases
- Consensus Views of the Urgent Issues Group

and having regard to Statements of Accounting Concepts.

Departmental income

Appropriation revenue accounts for 56% of departmental revenue in 2005–06. Goods and services revenue, which accounts for the remaining 44%, is largely earned from leadership, learning and development activities (68%), employment-related services (21%) and international assistance (7%).

Departmental expenses

Employee expenses comprise 48% of departmental expenses for 2005–06. The remainder is largely made up of supplier expenses (47%).

Departmental assets

Cash balances are maintained at a working capital level of \$0.5 million. Cash holdings above this level are transferred as a receivable held in the Official Public Account.

Receivables comprise trade debtors of approximately \$2.0 million, with the balance comprising monies held in the Official Public Account. This balance varies in line with the Commission's capital investment cycle.

Land and buildings consists of office fit-out.

Infrastructure, plant and equipment comprises office and IT equipment.

Intangibles are computer software applications and intellectual property.

Departmental liabilities

The lease liability is associated with the outsourced IT infrastructure finance lease.

Lease incentive liabilities are incentives provided by lessors for rental accommodation.

Employee provision liabilities are for recreation leave, long service leave and accrued salaries and superannuation.

Agency Additional Estimates Statements — APS Commission

The make good provision is the Commission's estimated restoration liability if it were to vacate leased office premises.

Suppliers are creditors (invoices on hand, but not yet due for payment) and accrued expenses.

Departmental equity

Reserves are asset revaluation reserves resulting from revaluations undertaken in prior years.

OFFICE OF THE COMMONWEALTH OMBUDSMAN

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

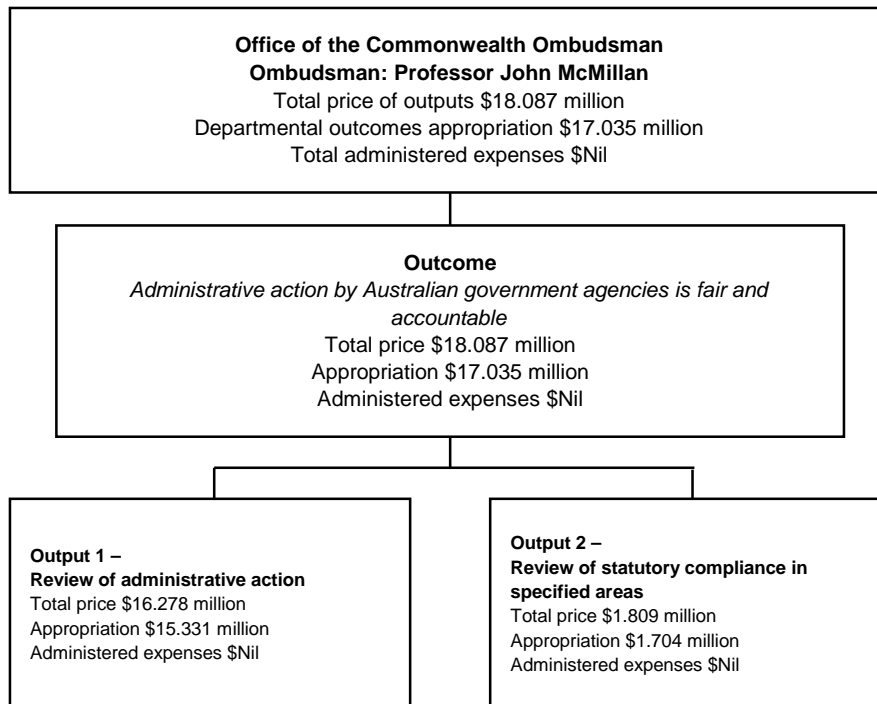
Section 1: Agency overview and resources; variations and measures

OVERVIEW

The Commonwealth Ombudsman's role has been expanded to include an enhanced role in handling and investigating immigration complaints and broader detention issues, with a specific role of reviewing the cases of long-term detainees.

The Office has not changed its outcome, outputs or performance information as a result of the 2005–06 Additional Estimates.

Figure 1: Agency outcomes and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Office is being provided with additional funding by way of two measures as shown in Table 1.1.

The first measure involves additional funding of \$15.6 million over four years by way of ordinary appropriations and capital for the Ombudsman to review the cases of long-term detainees following the Palmer Inquiry.

The second measure involves additional funding of \$3.5 million by way of ordinary appropriations and capital over two years for the handling and investigating of immigration complaints and broader detention issues under the Ombudsman's new enhanced immigration role.

Variations — Measures

Table 1.1: Additional estimates and variations to outcomes — measures

	2005–06 (\$'000)	2006–07 (\$'000)	2007–08 (\$'000)	2008–09 (\$'000)
Variations in departmental appropriations				
Palmer implementation plan	4,026	3,278	3,774	3,810
Migration legislation – amendments	1,566	1,580	-	-
Variations in departmental capital				
Palmer implementation plan	676	-	-	-
Migration legislation – amendments	373	-	-	-

MEASURES — AGENCY SUMMARY

The Office is being provided with additional funding by way of two measures, as shown in Table 1.2, Summary of measures since the 2005–06 Budget. See the Mid-Year Economic and Fiscal Outlook document for further details.

Table 1.2: Summary of measures since the 2005–06 Budget

Measure title	Output groups affected	2005–06 (\$'000)			2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures													
Palmer implementation plan	1	-	4,026	4,026	-	3,278	3,278	-	3,774	3,774	-	3,810	3,810
Migration legislation – amendments	1	-	1,566	1,566	-	1,580	1,580	-	-	-	-	-	-
Total expense measures		-	5,592	5,592	-	4,858	4,858	-	3,774	3,774	-	3,810	3,810
Capital measures													
Palmer implementation plan	1	-	676	676	-	-	-	-	-	-	-	-	-
Migration legislation – amendments	1	-	373	373	-	-	-	-	-	-	-	-	-
Total capital measures		-	1,049	1,049	-	-	-	-	-	-	-	-	-
Total of all measures		-	6,641	6,641	-	4,858	4,858	-	3,774	3,774	-	3,810	3,810

Note: The Palmer implementation plan is a cross-portfolio measure with the Department of Immigration and Multicultural Affairs

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

In the 2005–06 Additional Estimates, the Office of the Commonwealth Ombudsman has estimates in Appropriation Bills Nos. 3 and 4. There has been no shifting of funds across office outputs.

The only variations from information supplied in the 2005–06 Portfolio Budget Statements are outlined in the Variations—Measures table.

Table 1.3: Appropriation Bill (No. 3) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
ADMINISTERED ITEMS	-	-	-	-	-
Total	-	-	-	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth Agencies	11,463	11,443	17,035	5,592	-
Total	11,463	11,443	17,035	5,592	-
Total administered and departmental	11,463	11,443	17,035	5,592	-

Table 1.4: Appropriation Bill (No. 4) 2005–06

	2004–05 available \$'000	2005–06 budget \$'000	2005–06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity injections	-	40	1,089	1,049	-
Loans	-	-	-	-	-
Previous years' outputs	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-
Total capital	-	40	1,089	1,049	-

SUMMARY OF STAFFING CHANGES

Table 1.5: Average staffing level

	2005–06 Budget	2005–06 Revised	Variation
Outcome 1			
Administrative action by Australian government agencies is fair and accountable	102	146	44
Total	102	146	44

SUMMARY OF AGENCY SAVINGS

The office is not subject to any savings.

OTHER RECEIPTS AVAILABLE TO BE USED

There is no change from Budget.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There is no change from Budget.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

There is no change from Budget.

Section 2: Revisions to agency outcomes

OUTCOMES AND OUTPUTS

Revised performance information — 2005–06

A review of the office's performance measures was undertaken in 2005. Since then the office's role has been expanded to include an enhanced role in handling and investigating immigration complaints and broader detention issues, with a specific role of reviewing the cases of long-term detainees.

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1

Performance information by output	
<i>Outcome:</i> <i>Administrative action by Australian government agencies is fair and accountable</i>	
Output and measurement	Performance information for departmental outputs
Output 1: Review of administrative action	
Quality	<ul style="list-style-type: none"> • Inquiries, approaches and investigated complaints subject to a quality assurance review meet Service Standards • An assessment of feedback received from the public • Response to advice, submissions, services, findings and recommendations by government agencies and other organisations • Agency satisfaction with the quality of services / acceptance of findings and recommendations • Timely completion of reports on detainees • Government acceptance of recommendations on detainees
Quantity	<ul style="list-style-type: none"> • No. and complexity of complaints / issues received and investigated • No. of inquiries and approaches received • No. of outreach activities • No. of submissions to government
Price	<ul style="list-style-type: none"> • \$16.278 million
Output 2: Review of statutory compliance in specified areas	
Quality	<ul style="list-style-type: none"> • Timely completion of the inspecting / reporting schedule • Government and agency acceptance of and satisfaction with the quality and relevance of inspection findings and recommendations
Quantity	<ul style="list-style-type: none"> • No. of inspections completed by category
Price	<ul style="list-style-type: none"> • \$1.809 million

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The Office is receiving increased departmental appropriations through the Additional Estimates process. The analyses below provide an explanation of the impact of this increase in funding on each of the financial statements.

The adoption of the Australian Equivalents to International Financial Reporting Standards (AEIFRS) has had minimal impact on the Portfolio Additional Estimates Statements financial statement tables below.

Departmental financial statements

Budgeted departmental income statement

Although the Office of the Commonwealth Ombudsman is budgeting for a break-even operating result for 2005–06, the rapid expansion of the office’s capacity to handle and investigate immigration complaints and broader detention issues has involved lead times. These lead times could potentially lead to a mismatch of revenues and expenses in 2005–06.

Total appropriation is estimated to be \$17 million, an increase of \$5.6 million over the Budget estimate for 2005–06. The increase is due to measures for the Palmer implementation plan and Migration legislation—amendments.

Total revenue is estimated to be \$18.1 million, an increase of \$5.6 million over the Budget estimate for 2005–06. Other receipts available to be used have not changed since the Budget estimate for 2005–06, but will be reviewed in the context of the 2006–07 Budget.

Budgeted departmental balance sheet

The office’s budgeted net asset position of \$1.9 million represents an increase of \$1.1 million over the 2004–05 financial statements. The increase in net assets is due to equity injections for FedLink in the 2005–06 Budget and the Palmer implementation plan and Migration legislation—amendments.

The office’s primary liability continues to be accrued employee entitlements. The liability is generally expected to increase in future years as staff are added and inflation impacts on payroll costs.

Budgeted departmental statement of cash flows

The office's statement of cash flows reflects variations to departmental appropriations (in operating activities) and capital (in financing activities) for the Palmer implementation plan and Migration legislation—amendments.

Departmental statement of changes in equity — summary of movement

The office's statement of changes in equity shows the change in equity posted in the 2004–05 financial statements, including the equity injection of \$1.1 million.

Departmental capital budget statement

The office's capital budget statement shows the source of capital funding, including the equity injection of \$1.1 million.

Departmental property, plant, equipment and intangibles — summary of movement

The office's property, plant, equipment and intangibles schedule shows property, plant and equipment increasing by \$1.6 million, with a closing net book value of \$2.6 million after taking depreciation into consideration.

Schedule of administered activity

The office has no administered items.

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
INCOME					
Revenue					
Revenues from government	11,463	17,035	16,442	15,548	15,706
Goods and services	1,282	1,034	962	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	17	18	18	19	19
Total revenue	12,762	18,087	17,422	15,567	15,725
Gains					
Net foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	12,762	18,087	17,422	15,567	15,725
EXPENSE					
Employees	8,112	11,299	11,592	10,216	10,292
Suppliers	3,805	6,104	5,108	4,629	4,663
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	300	684	722	722	770
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	121	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Other	4	-	-	-	-
Total expenses	12,342	18,087	17,422	15,567	15,725
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 3.1: Budgeted departmental income statement (for the period ended 30 June), continued

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
Operating result from continuing operations	420	-	-	-	-
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discontinued operations	-	-	-	-	-
Operating result					
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	420	-	-	-	-

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	2,157	2,244	2,228	2,158	2,295
Receivables	139	100	613	1,155	1,405
Investments accounted for under the equity method	-	-	-	-	-
Investments (s. 39 FMA Act; s. 18 CAC Act; s. 19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	2,296	2,344	2,841	3,313	3,700
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	1,249	2,089	1,688	1,272	1,073
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	388	492	380	254	203
Biological assets	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Other	31	42	42	39	40
Total non-financial assets	1,668	2,623	2,110	1,565	1,316
Total assets	3,964	4,967	4,951	4,878	5,016
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	516	229	88	65	45
Total interest bearing liabilities	516	229	88	65	45
Provisions					
Employees	2,134	2,534	2,658	2,630	2,786
Other	-	-	-	-	-
Total provisions	2,134	2,534	2,658	2,630	2,786
Payables					
Suppliers	542	343	344	322	324
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	-	-	-	-	-
Total payables	542	343	344	322	324
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	3,192	3,106	3,090	3,017	3,155

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

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
EQUITY^a					
Parent entity interest					
Contributed equity	848	1,937	1,937	1,937	1,937
Reserves	215	215	215	215	215
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	(291)	(291)	(291)	(291)	(291)
Total parent entity interest	772	1,861	1,861	1,861	1,861
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	772	1,861	1,861	1,861	1,861
Current assets	2,327	2,386	2,883	3,352	3,740
Non-current assets	1,637	2,581	2,068	1,526	1,276
Current liabilities	1,538	1,399	1,402	1,361	1,417
Non-current liabilities	1,654	1,707	1,688	1,656	1,738

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

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,297	1,150	846	-	-
Appropriations	11,837	17,074	15,929	15,006	15,456
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	13,134	18,224	16,775	15,006	15,456
Cash used					
Employees	8,272	10,899	11,468	10,244	10,136
Suppliers	4,056	6,699	5,114	4,652	4,663
Grants	-	-	-	-	-
Financing costs	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	12,328	17,598	16,582	14,896	14,799
Net cash from or (used by) operating activities	806	626	193	110	657
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	4	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s. 39 FMA Act; s. 18 CAC Act; s. 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	4	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,130	1,628	209	180	520
Purchase of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (s. 39 FMA Act; s. 18 CAC Act; s. 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	1,130	1,628	209	180	520
Net cash from or (used by) investing activities	(1,126)	(1,628)	(209)	(180)	(520)

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June), continued

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	1,089	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	1,089	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	1,089	-	-	-
Net increase or (decrease) in cash held	(320)	87	(16)	(70)	137
Cash at the beginning of the reporting period	2,477	2,157	2,244	2,228	2,158
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	2,157	2,244	2,228	2,158	2,295

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005–06)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	(291)	215	-	848	772
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(291)	215	-	848	772
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,089	1,089
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	1,089	1,089
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2006	(291)	215	-	1,937	1,861

Table 3.5: Departmental capital budget statement

	Actual 2004–05 \$'000	Revised budget 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	1,089	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	1,089	-	-	-
Represented by:					
Purchase of non-financial assets	-	1,089	-	-	-
Other	-	-	-	-	-
Total represented by	-	1,089	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	1,089	-	-	-
Funded internally by departmental resources	1,130	539	209	180	520
Total	1,130	1,628	209	180	520

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005						
Gross book value	-	-	1,490	735	-	2,225
Accumulated depreciation	-	-	(241)	(347)	-	(588)
Opening net book value	-	-	1,249	388	-	1,637
Additions:						
by purchase	-	-	1,378	250	-	1,628
by finance lease	-	-	-	-	-	-
internally developed	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	(538)	(146)	-	(684)
Impairments recognised in operating result	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Disposals:						
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-
other disposals	-	-	-	-	-	-
As at 30 June 2006						
Gross book value	-	-	2,868	985	-	3,853
Accumulated depreciation	-	-	(779)	(493)	-	(1,272)
Closing net book value	-	-	2,089	492	-	2,581

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The office's financial statements have been prepared on an accrual basis in accordance with:

- Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- Finance Minister's Orders
- Accounting Guidance Releases
- Consensus Views of the Urgent Issues Group

and having regard to Statements of Accounting Concepts.

The adoption of the AEIFRS has had minimal impact on the Portfolio Additional Estimates Statements financial statement tables.

Departmental

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the office, and that are used by the office to produce its outputs. They include:

- computers, plant and equipment used in providing goods and services
- liabilities for employment entitlements
- revenue from appropriations or independent sources in payment of outputs
- employee, supplier and depreciation expenses incurred in providing outputs.

Departmental revenue

Revenue from government represents the purchase of outputs from the office by the government and is recognised to the extent that it has been received into the office's bank account.

Revenue from other sources, representing sales from goods and services, is recognised at the time that it is imposed.

Departmental expense — employees

This item represents payments and net increases in entitlements to employees for services rendered in the financial year.

Departmental expense — suppliers

This item represents payments to suppliers for goods and services that are used in providing office outputs.

Departmental expense — depreciation and amortisation

Depreciable property, plant and equipment, buildings and intangible assets are written off to their estimated residual values over their estimated useful life to the office, using the straight-line calculation method.

Departmental assets — financial assets

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

Departmental assets — non-financial assets

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

Departmental liabilities — debt

These are property lease incentives that the office has received. They are written off over the life of the lease.

Departmental liabilities — provisions and payables

Provision has been made for the office's liability for employee entitlements arising from services rendered by employees. This liability includes unpaid annual leave and long service leave. No provision has been made for sick leave because the level of sick leave is less on average than the amount which employees are entitled to each year.

Provision has been made for unpaid supplier expenses as at the balance date.

Administered

Administered items are those items incurred in providing programs that are controlled by the government, and managed or oversighted by the office on behalf of the government. These items include grant payments and levies, fees and fines.

The office has no administered items.

GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
AEIFRS	Australian Equivalents to International Financial Reporting Standards, which were issued by the Australian Accounting Standards Board in July 2004.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Acts of Parliament, which provide appropriation for the government's activities during a specific financial year. Three appropriation Bills are introduced into Parliament in May and comprise the Budget. Further supplementary Bills are introduced later in the financial year as part of the Additional Estimates process. The Parliamentary departments have their own appropriation Bills.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.

Glossary

Departmental items	Assets, liabilities, revenues and expenses that are controlled by the agency to produce outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services, and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Indicators to assess the degree of success in achieving outcomes. As outcomes are generally long-term in nature, effectiveness indicators often relate to intermediate outcomes (shorter-term impacts) below the planned outcomes specified.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs and, where applicable, administered items. Includes price, quality and quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Expenses represent the full costs of an activity, that is, the total value of all the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of the entity. Expenses include cash items, such as salary payments, as well as expenses that have been incurred, such as accruing employee entitlements that will be paid in the future.
Fair value	Valuation methodology: The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Australian Government entities will move to this method incrementally by 30 June 2006 for valuing most infrastructure, plant and equipment.

Intermediate outcomes	More specific medium-term impacts (eg trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. <i>See</i> Outcomes.
Operating result	Equals revenue less expenses.
Outcomes	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end results or impacts actually achieved.
Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between users' expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.

Glossary

Special Account	<p>Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (<i>Financial Management and Accountability Act 1997</i>, ss. 20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s. 20 FMA Act) or through an Act of Parliament (referred to in s. 21 of the FMA Act).</p>
Special Appropriations (including Standing Appropriations)	<p>An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations, the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.</p> <p>Standing appropriations are a subcategory consisting of ongoing special appropriations — the amount appropriated will depend on circumstances specified in the legislation.</p>

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