

**PORTFOLIO
BUDGET STATEMENTS
2005-06**

PRIME MINISTER AND CABINET PORTFOLIO

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

BUDGET RELATED PAPER No. 1.14

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THE HON GARY NAIRN MP
Parliamentary Secretary to the Prime Minister

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

- 6 MAY 2005

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

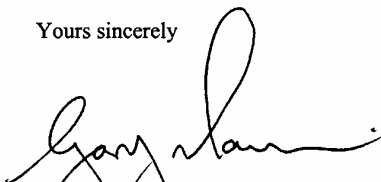
Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2005–06 Budget 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



GARY NAIRN

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**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

Purpose of the Portfolio Budget Statements

The purpose of the 2005–06 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations bills, special appropriations, standing appropriations (including special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2005–06 (or Appropriation Bill [Parliamentary Departments] No. 1 2005–06 for the parliamentary departments). In this sense the PB Statements are officially Budget Related Papers and are declared by the Appropriation Bills to be ‘relevant documents’ to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide sufficient information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

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

How to read the PB Statements

The PB Statements are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

User Guide to the Portfolio Budget Statements

An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.

Portfolio Overview

A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.

Agency Budget Statements

For each agency within the portfolio, a budget statement presented in five sections:

Section 1: Agency Overview	A brief overview of the agency.
Section 2: Agency resources	A reconciliation of agency resourcing information from the 2004–05 Mid-Year Economic and Fiscal Outlook to the 2005–06 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both administered and departmental appropriations.
Section 3: Agency outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome, outputs and administered items, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated to their application to the agency's outputs and to administered items.
Section 4: Other reporting requirements	Includes purchaser–provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the budget year, the previous year and three out-years.
Glossary	Explains key terms.
Index	Alphabetical guide to the PB Statements

PB STATEMENTS ROAD MAP

Comprehensive information on all government decisions announced in the Budget are in *Budget Paper No. 2, Budget Measures 2005–06*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2005–06 Budget Measures.

The following chart shows the links between the Budget papers and the PB Statements.

Budget Paper	PB Statements equivalent
Budget Paper No. 1 Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	User Guide Portfolio Overview Portfolio structure Agency Budget Statements Section 1: Agency overview Section 2: Agency resources for 2005–06
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance	Agency Budget Statements Section 2: Agency resources for 2005–06
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	Agency Budget Statements Section 5: Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	Agency Budget Statements Section 2: Agency resources for 2005–06
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with states, territories and local government, in particular, Specific Purpose Payments (SPPs)	Agency Budget Statements Section 2: Agency resources for 2005–06 Section 3: Agency outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	Agency Budget Statements Section 2: Agency resources for 2005–06

Departmental and administered items

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items

Assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items

Revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments, and administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the government's funding for outputs from agencies
- Departmental capital appropriations: for investments by the government for either additional equity or loans to agencies or payments from previous years' outputs
- Administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states
- Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to state governments). The appropriation framework is discussed further in the introduction to *Budget Paper No. 4: Agency Resourcing 2005-06*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2005-06 Budget year and each of the forward years from 2006-07 to 2008-09. The statements also include the estimated actual for 2004-05 for comparative purposes.

The schedules included in the budgeted financial statements for 2005-06 are as follows.

Statement/Schedule	Purpose
Budgeted departmental statement of financial performance	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental statement of financial position	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Departmental capital budget statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non-financial assets during the budget year.
Schedule of budgeted revenues and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of property, plant, equipment and intangibles — summary of movement	Discloses details of movements in administered non-financial assets.

Abbreviations and conventions

The following notation may be used:

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

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

Enquiries

Should you have any enquiries regarding this publication, please contact Ms Fran Raymond, Chief Finance Officer in the Department of the Prime Minister and Cabinet, on (02) 6271 5738 or at fran.raymond@pmc.gov.au

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

PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

The roles/missions of the portfolio have not changed since the publication of the 2004–05 Portfolio Additional Estimates Statements.

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

The **Department of the Prime Minister and Cabinet** produces four groups of outputs to achieve its planned outcome – sound and well-coordinated government policies, programmes and decision-making processes.

- Output groups 1–3 provide advice to the Prime Minister and other ministers in the portfolio on economic, industry, infrastructure, environmental, social, international and national security policy, and coordinate relevant portfolios and other stakeholders in the policy advising process.
- Output Group 4 provides a range of support services for government operations, including secretariat services to Cabinet and its committees and to the Executive Council; monitoring the implementation of Cabinet decisions; developing and coordinating the government’s legislative programme; advising on the coordination and promotion of national awards and symbols; coordinating government communications and advertising; providing support to the official establishments and former Governors-General; and arranging and coordinating government hospitality and official ceremonial occasions.

The **Australian National Audit Office** (ANAO) works to achieve two planned outcomes: independent assessment of the performance of selected Australian public sector activities, including the scope for improving efficiency and administrative effectiveness; and independent assurance of the public sector’s financial reporting, administration, control and accountability. The ANAO’s outputs are performance audit, information support and assurance audit services.

The **Australian Public Service Commission** (APS Commission) fosters a confident, high quality, values-based and sustainable Australian Public Service. The Commission’s three output groups are Australian Public Service policy and employment services, development programmes, and better practice and evaluation.

Portfolio Overview

The **National Water Commission** (NWC) is an independent statutory authority with two key responsibilities: assessing the implementation and promoting the objectives and outcomes of the National Water Initiative Intergovernmental Agreement, and advising on financial assistance to be provided by the Commonwealth under the components of the Australian Water Fund. The NWC has one outcome and two output groups.

The **Office of National Assessments** (ONA) produces two outputs directed at providing assessments of international issues that affect Australian interests and ensuring coordination of the foreign intelligence effort.

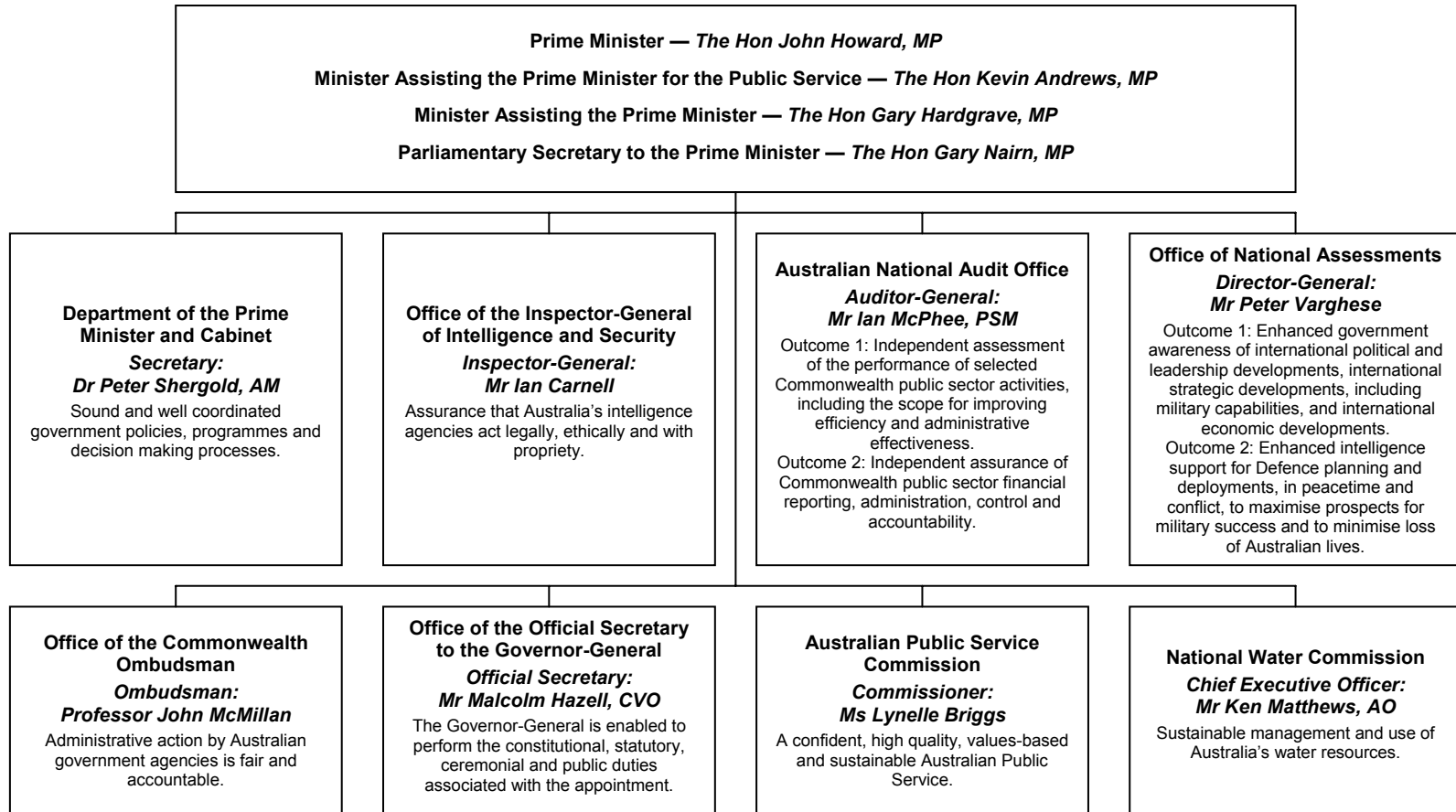
The **Office of the Commonwealth Ombudsman** works through two outputs to achieve review of administrative action and review of statutory compliance in specified areas.

The **Office of the Inspector-General of Intelligence and Security** (OIGIS) operates to provide assurance that Australia's intelligence agencies act legally, ethically and with propriety. The office works to achieve one output: to inspect, inquire into, and report on, the activities of the intelligence and security agencies.

The **Office of the Official Secretary to the Governor-General** (OOSGG) enables the Governor-General to perform the constitutional, statutory, ceremonial and public duties associated with his appointment. The office's two outputs are administrative, property management and hospitality support to the Governor-General, and administration of the Australian honours and awards system.

Figure 1: Portfolio structure and outcomes

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APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

Portfolio variations

The government is providing the department and portfolio agencies with additional funds as follows:

- to the department for:
 - the Asia Pacific Economic Cooperation (APEC) Taskforce for the organisational aspects of the week of the 2007 APEC Leaders' Meeting and associated ministerial and business meetings
 - policy coordination and policy development in relation to 2007 APEC
 - new Indigenous functions following the disestablishment of the Aboriginal and Torres Strait Islander Commission (ATSIC) and Aboriginal and Torres Strait Islander Services (ATSIS) programmes
- to the Ombudsman, OIGIS and OOSGG to meet the increased expenses of connecting to FedLink
- to the ANAO to meet the increased expenses of auditing work
- to the APS Commission for new Indigenous functions following the disestablishment of the ATSIC and ATSIS programmes
- to ONA for fit-out in an extension to the ASIO Central Office building
- to the OOSGG for:
 - additional staff for the Honours and Awards Secretariat
 - the construction of a replacement building for the Honours and Awards Secretariat
 - the implementation of the property plan for the two vice-regal properties.

The department and the portfolio agencies have incurred reductions in their departmental appropriations as a result of the increase in the efficiency dividend from 1.0% to 1.25%, applied from 2005-06.

Departmental appropriations and administered expenses for agencies in the portfolio

Figures 2 and 3 opposite show the 2005-06 departmental appropriations and administered expenses for the portfolio, by agency.

The figures also include special appropriations.

Figure 2: Departmental appropriations for agencies in the portfolio

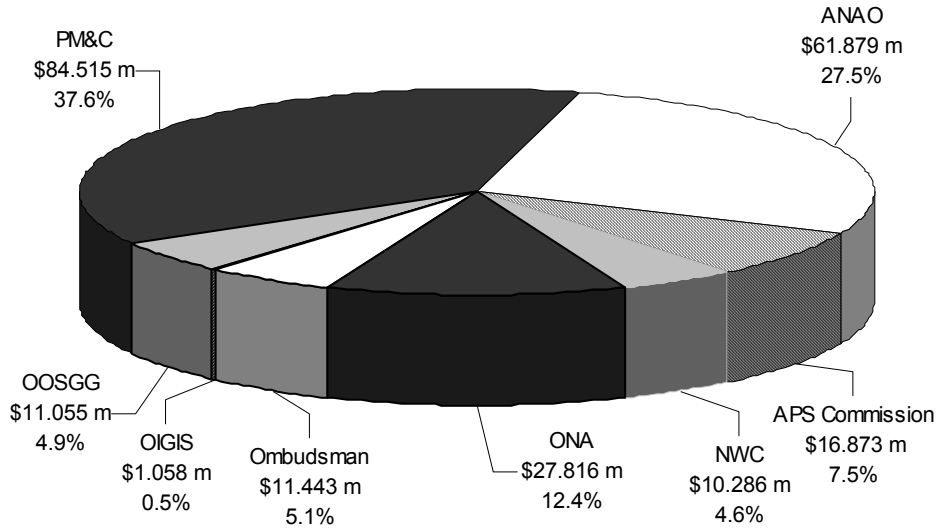
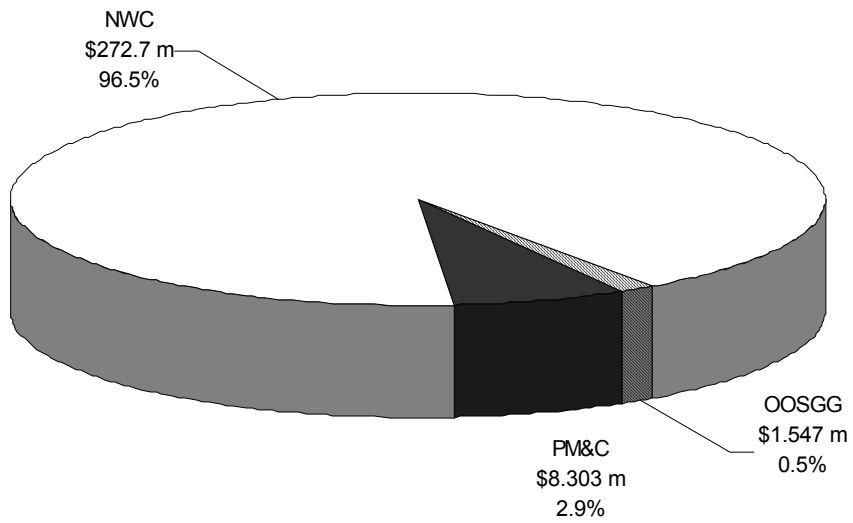


Figure 3: Administered appropriations for agencies in the portfolio



**AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE),
PRIME MINISTER AND CABINET PORTFOLIO**

Portfolio Table 1: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)	Cross reference
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000			
(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)		
Department of the Prime Minister and Cabinet							
Outcome 1							
Departmental 2005–06	702	-	-	702	-	702	See p. 36
Departmental 2004–05	731	-	-	731	-	731	See p. 36
Australian Public Service Commission							
Outcome 1							
Departmental 2005–06	1,424	-	-	1,424	3	1,427	See p. 114
Departmental 2004–05	1,498	-	-	1,498	3	1,501	See p. 114
Total AGIE 2005–06	2,126	-	-	2,126	-	2,129	
<i>Total AGIE 2004–05</i>	<i>2,229</i>	-	-	<i>2,229</i>	-	<i>2,232</i>	

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