

DEPARTMENT OF THE PRIME MINISTER AND CABINET

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DEPARTMENT OF THE PRIME MINISTER AND CABINET

Section 1: Overview

The department's planned outcome is *sound and well-coordinated government policies, programmes and decision-making processes*.

The key task the department undertakes to achieve this outcome, with the funds appropriated by the Parliament, is to provide quality advice and timely support for the Prime Minister in his capacity as Head of Government and Chairman of Cabinet. Advice and support is also provided to the ministers and the Parliamentary Secretary appointed to assist the Prime Minister to carry out his portfolio responsibilities.

The department also contributes to the coordination of the development and implementation of government policies through its secretariat support for Cabinet and its responsibility to brief the Prime Minister on all ministerial submissions brought forward for Cabinet consideration. The department also monitors the implementation of strategic Cabinet decisions.

The department achieves its outcome through four output groups:

- 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, coordinate relevant portfolios and other stakeholders in the policy advising process, and provide support for Australia's hosting of the Asia Pacific Economic Cooperation (APEC) meeting of leaders and other associated activities in 2007.
- 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.

Table 1.1: Department of the Prime Minister and Cabinet outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
Sound and well coordinated government policies, programmes and decision making processes	The primary role of the department is to provide support to the Prime Minister and to achieve a coordinated approach to the development and the implementation of government policies.	<u>Output Group 1</u> Output 1.1 – Economic and Industry Policy <u>Output Group 2</u> Output 2.1 – Social Policy <u>Output Group 3</u> Output 3.1 – International Policy Output 3.2 – National Security Policy Output 3.3 – APEC Taskforce <u>Output Group 4</u> Output 4.1 – Cabinet Support Output 4.2 – Machinery of Government Output 4.3 – Government Communications Output 4.4 – Support to Official Establishments Output 4.5 – Support for Ministerial Offices Output 4.6 – Ceremonial and Hospitality

Section 2: Resources for 2006–07

The department receives resources for its outputs from appropriations, receipts that it generates from sale of goods, services and assets, and from resources provided to it free of charge.

Total resourcing available to the department in 2006–07 for departmental outputs is \$124.5 million, reflecting appropriations, receipts and resources received free of charge.

Total administered expenses are \$13 million, of which \$9.4 million will be met by appropriations, with the balance of \$3.6 million being met from special account receipts.

Table 2.1 summarises total receipts, including appropriations.

Table 2.2 details funding provided in the Budget for new measures. The amount of \$4.04 million shown as being appropriated in 2006–07 is included in the price of departmental outputs and also in appropriation receipts detailed in Table 2.1.

Table 2.3 details resources the department receives which are not appropriations from government. These resources are available to the department for use and include receipts from sales and resources provided to the department free of charge.

2.1 APPROPRIATIONS AND OTHER RECEIPTS

Table 2.1 shows the total receipts from all sources for 2006–07, including appropriations. The table summarises how receipts will be applied by outcome, separated into departmental and administered classifications.

Table 2.1: Appropriations and other receipts 2006–07 ('000)

Agency/Outcome/ Non-operating	Departmental				Administered					Total
	Appropriation	Appropriation	Special	Receipts	Appropriation	Appropriation Bill No. 2	Special	Receipts	Total	
	Bill No. 1	Bill No. 2	Appropriation	(a)	Bill No. 1	SPPs	Other (b)	Appropriation		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Outcome 1	120,738			1,993	8,530			857		132,118
Equity injections		14,204								14,204
Loans										
Previous years' outputs										
Administered assets and liabilities										
Special capital Appropriation										
TOTAL	120,738	14,204		1,993	8,530			857		146,322

a Departmental and administered receipts from other sources (that is, other than appropriation amounts) that are available to be used (does not include resources provided free of charge).

b Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Income Statement for application of agency revenue.

2.2 2006–07 BUDGET MEASURES

Table 2.2 summarises the single Budget measure the department is receiving. Details of the measure are provided in Budget Paper No. 2. The table also identifies the relevant outcome, and outputs associated with this measure.

Table 2.2 Department of the Prime Minister and Cabinet measures

Measure	Outcome	Output groups affected	2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)			2009–10 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Council of Australian Governments – supporting its agenda	1	1 & 2	4,039	4,039		3,286	3,286							
Total			4,039	4,039		3,286	3,286							

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources available to be used by the department in 2006–07 for provision of goods or services.

Table 2.3: Other resources available to be used

	Estimated resources 2005–06 \$'000	Budget estimate 2006–07 \$'000
Departmental resources		
Sale of goods and services ¹	623	623
Sale of assets	60	60
Resources provided free of charge	1,800	1,800
Special Accounts ²	1,310	1,310
Total departmental other resources available to be used	3,793	3,793

Note: This table replaces the former table 'Receipts from independent sources'. It represents own source resources available for spending on departmental purposes.

1. Sales of goods and services are mainly from AUSPIC photographic services.
2. 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 task forces expenses.

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005–06 TO 2006–07

The department has no movement of administered funds from 2005–06 to 2006–07.

2.5 SPECIAL APPROPRIATIONS

The department has a number of special appropriations, with only the Allowances for former Governors-General special appropriation expected to be operative in 2006–07.

The total special appropriations in the table below also appear in the ‘Special Appropriations’ column in Table 2.1.

Table 2.4: Estimates of expenses from special appropriations

	Outcome	Note	Estimated expenses 2005–06 \$'000	Budget estimate 2006–07 \$'000
Estimated expenses				
Provision of superannuation surcharge for former Governors-General – s. 4(7) GG Act (A)	1			
Allowance to former Governors-General – s. 5 GG Act (A)	1		850	857
Remuneration and allowances of members and other expenses – s. 10 PCI Act (A)	1			
Repayments required or permitted by law (where no other appropriation for repayment exists) – s. 28(2) FMA Act (D)	1			
Total estimate expenses			850	857

D = Departmental A = Administered

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

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those accounts established by legislation, by repeal of the legislation in whole or part.

Table 2.5 summarises the special account flows and balances for the department’s special accounts by showing the expected additions (credits) and reductions (debits) for each account used by the department. Receipts from the Campaign Advertising and Media Commissions special accounts are available to meet the department’s price of outputs and administered expenses, respectively.

Table 2.5: Estimates of special account flows and balances

		Opening balance 2006-07	Credits 2006-07	Debits 2006-07	Adjustments 2006-07	Closing balance 2006-07
		2005-06	2005-06	2005-06	2005-06	2005-06
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Media Commissions (A)	1	6,733	3,600	3,600	-	6,733
		6,733	3,600	3,600	-	6,733
Campaign Advertising (D)	1	1,751	1,310	1,310	-	1,751
		1,751	1,310	1,310	-	1,751
Services for other Government and Non-Agency Bodies Account (D)	1	1,179	100	100	-	1,179
		1,179	100	100	-	1,179
Other Trust Monies Account (D)	1	-	-	-	-	-
		-	-	-	-	-
Total special accounts						
2006-07 Budget estimate		9,663	5,010	5,010	-	9,663
Total special accounts						
2005-06 estimate actual		9,663	5,010	5,010	-	9,663

D = Departmental; A = Administered

Note: Due to difficulties in determining flows to and from these accounts (because such flows are demand driven), the figures here are estimates only, based on historical data.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The department is not receiving any administered capital through the Budget in 2006-07.

The department will receive an equity injection of \$14.2 million in 2006-07, associated with capital works for the department's new accommodation.

Section 3: Outcomes

General Government Sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programmes on behalf of the government (administered items). This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the department's outcome.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

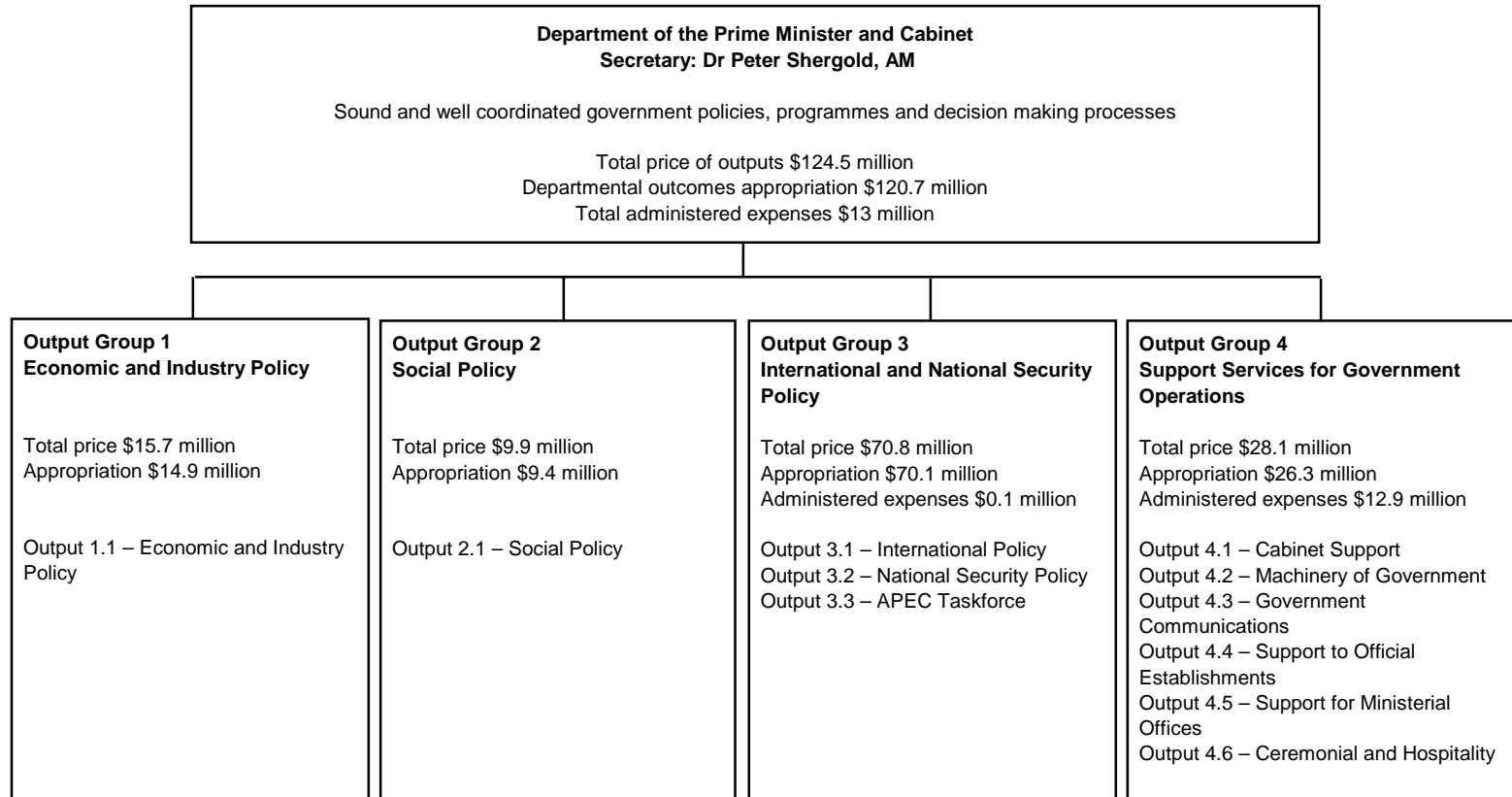
The relationship between the department and its outcome is summarised in Figure 1. Financial details for this outcome, by outputs and output groups, appear in Table 3.1 (Total resources for Outcome 1), while non-financial information appears in Table 3.2 (Performance information for Outcome 1).

Output cost attribution

The department comprises an executive and nine divisions, all of which are supported by corporate service units that purchase a range of goods and services from private sector providers. The costs of corporate and executive services are apportioned as a component of the price of outputs of each of the four output groups.

Corporate services, executive services, information technology and communications are predominantly driven by staff numbers and are allocated on this basis. These constitute approximately 65 per cent of overheads. Property operating expenses, which make up most of the remaining 35 per cent, are allocated to output areas on the basis of square metres occupied.

Figure 1: Contributions to outcomes



3.2 OUTCOMES—DEPARTMENTAL AND ADMINISTERED

The department is budgeting for revenue of \$124.5 million in 2006–07 which represents an increase of \$4 million from the 2005–06 revised Budget estimates for 2006–07. The department is budgeting for a small operating surplus of \$0.1 million in 2006–07.

The government’s increasing focus on work commissioned by the Council of Australian Governments (COAG), including the National Reform Agenda, has placed new demands on the department. Additional workload in the department relates to the Competition, Regulation and Human Capital components of the National Reform Agenda, COAG Secretariat functions, therapeutic cloning, pandemic preparedness and water reform. The government has agreed to provide the department with an additional \$4 million in 2006–07 and \$3.3 million in 2007–08 to support these new requirements.

Departmental appropriations by output group

Resources for output groups and trends in expenses can be seen in Figures 2 and 3.

Resources for Output Group 1 have increased due to funding for the COAG measure.

Resources for output groups 2 and 4 remain relatively unchanged from 2005–06.

Output Group 3 resources have increased significantly from 2005–06 due to the APEC Taskforce.

Figure 2: Departmental appropriations by output group, 2006–07

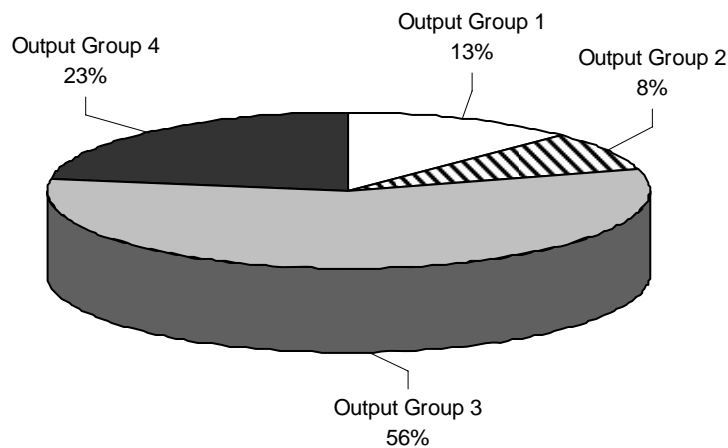
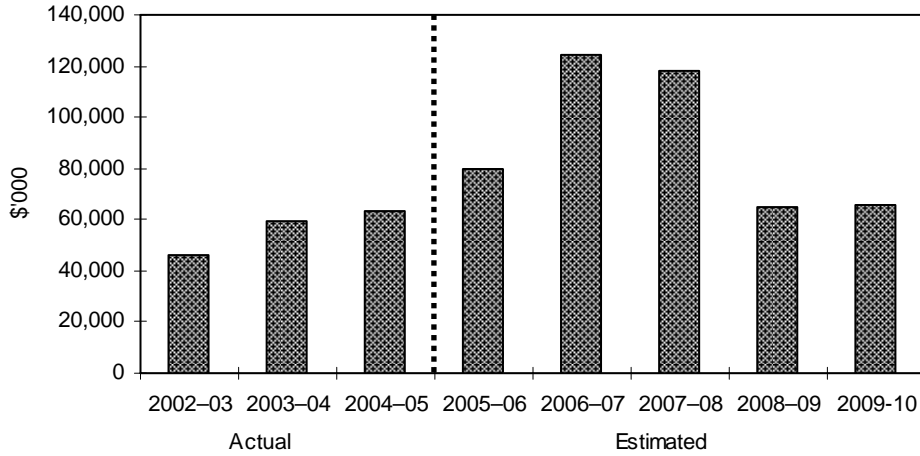


Figure 3 shows significant increases in expenses over the period 2005–06 to 2006–07 due to support for the work on APEC.

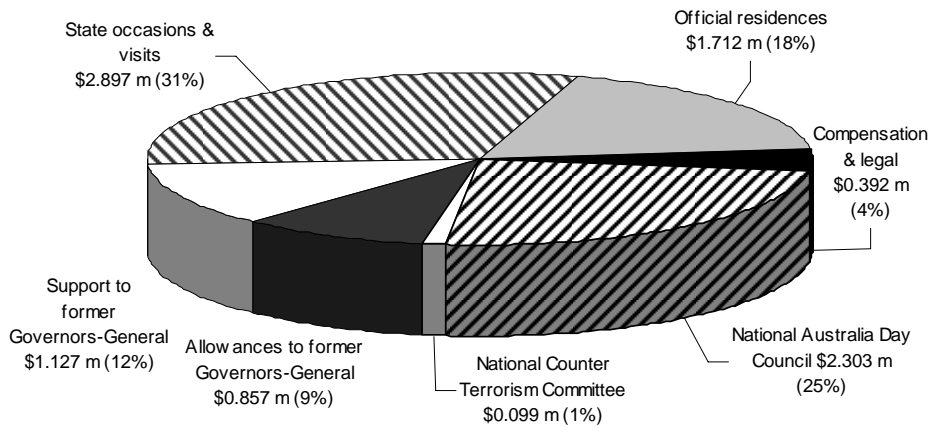
Figure 3: Trends in departmental expenses, 2002–03 to 2009–10



Administered appropriations by item

The department’s administered appropriation of \$9.4 million in 2006–07 represents an increase from 2005–06 of \$0.4 million, for grants to the National Australia Day Council.

Figure 4: Administered appropriations by item, 2006–07



3.3 OUTCOMES AND PERFORMANCE

The department has revised its output framework. Former outputs 4.1 (Cabinet Secretariat) and 4.2 (Cabinet Implementation) have been amalgamated to form new Output 4.1 (Cabinet Support). The outcome–output framework is otherwise unchanged.

Outcome 1 resourcing

Table 3.1 shows how the 2006–07 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000
Administered appropriations		
Special appropriations		
Allowances to former Governors-General	850	857
Total special appropriations	850	857
Annual appropriations		
Support to former Governors-General	1,129	1,127
State occasions and official visits	2,899	2,897
Prime Minister's official residences	1,714	1,712
Compensation and legal expenses	392	392
National Australia Day Council	1,856	2,303
National Counter Terrorism Committee	97	99
Total annual administered appropriations	8,087	8,530
	Total administered appropriations	8,937
from Special Accounts (estimated payments from Special Account balances)		
Media Commissions Account – s. 20 FMA Act	3,600	3,600
	Total Special Account outflows	3,600
	Total administered resources	12,537
		12,987

Table 3.1: Total resources for Outcome 1 (\$'000) (cont.)

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000
Departmental appropriations		
Output Group 1 – Economic and Industry Policy		
Output 1.1 – Economic and Industry Policy	12,538	14,865
Subtotal Output Group 1	12,538	14,865
Output Group 2 – Social Policy		
Output 2.1 – Social Policy	9,965	9,437
Subtotal Output Group 2	9,965	9,437
Output Group 3 – International and National Security Policy		
Output 3.1 – International Policy	4,076	4,573
Output 3.2 – National Security Policy	8,381	9,075
Output 3.3 – APEC Taskforce	34,332	56,454
Subtotal Output Group 3	46,789	70,102
Output Group 4 – Support Services for Government Operations		
Output 4.1 – Cabinet Support	5,956	5,899
Output 4.2 – Machinery of Government	8,143	8,406
Output 4.3 – Government Communications	5,647	5,893
Output 4.4 – Support to Official Establishments	633	624
Output 4.5 – Support for Ministerial Offices	2,221	2,380
Output 4.6 – Ceremonial and Hospitality	3,095	3,132
Subtotal Output Group 4	25,695	26,334
Total revenue from government (appropriations)	94,987	120,738
Contributing to price of departmental outputs	96%	97%
Other resources available to be used		
Resources received free of charge	1,800	1,800
Sale of goods and services	623	623
Sale of assets	60	60
Special Accounts (estimated payments from Special Account balances)		
Campaign Advertising Account	1,210	1,210
Services for other Governments and Non-Agency Bodies Account	100	100
Total revenue from other sources	3,793	3,793
Total price of departmental outputs		
(Total revenue from government and from other sources)	98,780	124,531
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	107,711	133,918
	2005–06	2006–07
Average staffing level (number)	475	564

Note: The increase in average staffing level (ASL) is due to additional funding provided to the department in 2005–06 for core functions and some one-off functions, and the effect of APEC recruitment.

Contributions to achievement of Outcome 1

In 2006–07, the department will continue to support the Prime Minister and Cabinet in the effective development and implementation of policies and programmes across the whole of government and to demonstrate excellence in leadership in the Australian Public Service by undertaking the core activities described in Table 3.2.

Measures affecting Outcome 1

In this Budget, the department is receiving by way of a measure an additional \$4 million to support the COAG agenda. This measure as explained in Budget Paper No. 2 is summarised in Table 2.2. The table also identifies the relevant outcome, and outputs associated with this measure.

Administered activities

The department administers a range of items on behalf of the government, as described in Table 3.2.

Departmental outputs

The department delivers a range of outputs, as described in Table 3.2.

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance information across output groups
<p>For all or most of the department's output groups, performance is monitored on the basis of:</p> <p>Quality</p> <ul style="list-style-type: none"> • the degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive—as expressed through formal and informal feedback—with the quality and timeliness of advice and the achievement of key tasks • an assessment of outputs against the annual divisional work plans and individual performance agreements. <p>Timeliness</p> <p>The department aims to meet specific deadlines as follows:</p> <ul style="list-style-type: none"> • for correspondence on substantive issues from Australian Government ministers, heads of state, premiers and chief ministers, etc., a response is to be prepared within 10 working days • for other correspondence, a response is to be prepared or appropriate action is to be carried out within 20 working days • the various timing requirements for Freedom of Information requests as specified in the <i>Freedom of Information Act 1982</i> • the preparation of responses to Parliamentary Questions on Notice within 60 days for the House of Representatives and 30 days for the Senate • the preparation of briefings reasonably in advance of when they are required or within such other time periods as may be specified by the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive. <p>Quantity</p> <p>On the basis of recent experience, in 2006–07 the department would expect to have to:</p> <ul style="list-style-type: none"> • process in excess of 200,000 items of Ministerial correspondence • provide over 6,100 briefings to the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive • prepare draft answers to 145 Parliamentary Questions on Notice • respond to 35 Freedom of Information requests. <p>Price</p> <p>The price of the department's outputs in 2006–07 is estimated to be \$124.5 million.</p>

Performance information for individual outputs	
In addition to the foregoing performance indicators and assessment that apply to all, or most, of the department's output groups, the following indicators and assessments apply to the individual outputs indicated.	
Output	Performance information
Output Group 1: Economic and Industry Policy	
<p>Output 1.1: Economic and Industry</p> <p>Advice, briefing and support to the Prime Minister and assistance in coordination of the Budget, government policies on economic, industry, infrastructure and environment policy issues, including matters relating to regional, communications, transport, science, resources, energy, competition, sport, tourism, small business and natural resources, including on presentation of the government's decisions in these areas.</p> <p>Manage and coordinate the work programme of the Council of Australian Governments.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice and the achievement of key tasks. Annual evaluation of Budget preparation and coordination process.</p>
Total price for Output Group 1	\$15.7 million
Output Group 2: Social Policy	
<p>Output 2.1: Social Policy</p> <p>Advice, briefing and support to the Prime Minister on social policy issues, including health, community services, education, employment, immigration, indigenous policy, veterans' affairs, income support and families, including on presentation of the government's decisions in these areas.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of policy advice and the achievement of key tasks.</p>
Total price for Output Group 2	\$9.9 million
Output Group 3: International and National Security Policy	
<p>Output 3.1: International Policy</p> <p>Advice, briefing and support to the Prime Minister on international issues, including trade and aid policy, including on presentation of the government's decisions in these areas.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive with the timeliness and quality of material for the Prime Minister's consideration, including in developing and pursuing Australia's key foreign and trade policy interests.</p>
<p>Output 3.2: National Security Policy</p> <p>Advice, briefing and support to the Prime Minister on national security issues including defence policy and operations, intelligence, non-proliferation, counter-terrorism, border protection, emergency management and certain criminal law enforcement issues, including through coordination across Australian Government agencies and, as appropriate, with the states and territories.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive with the timeliness and quality of advice and achievement of key tasks.</p>

Agency Budget Statements — Outcomes — PM&C

Output	Performance information
Administered item National Counter Terrorism Committee (NCTC)	<i>Quality:</i> Secretariat support is provided to the satisfaction of the NCTC.
Output 3.3: APEC Taskforce	<i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister for Foreign Affairs, the Minister for Transport and Regional Services, the Treasurer, and the Minister for Industry, Tourism and Resources as ministers hosting APEC meetings during 2007, and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the quality and timeliness of advice and achievement of key tasks.
Total price for Output Group 3	\$70.8 million
Administered expenses	\$0.1 million
Output Group 4: Support Services for Government Operations	
Output 4.1: Cabinet Support Coordination of Cabinet business Coordination of National Security Committee of Cabinet (NSC) and Secretaries' Committee on National Security (SCNS) business. Support for Federal Executive Council. Monitoring of the implementation of strategic Cabinet decisions.	<p><i>Quality:</i> Degree of satisfaction of the Prime Minister, the Secretary, and the Secretary to Cabinet with the services provided by the Cabinet Secretariat.</p> <p><i>Timeliness:</i> Submissions or memoranda are cleared and distributed as soon as practicable after clearance by Cabinet Secretariat.</p> <p>Cabinet minutes are circulated within 24 hours of Cabinet meetings.</p> <p><i>Quantity:</i> 60 meetings of the Cabinet and its committees (other than the National Security Committee of Cabinet) are expected to be organised and coordinated.</p> <p><i>Quality:</i> Degree of satisfaction of the Secretary to Cabinet and the departmental secretaries associated with SCNS with the support required for the smooth operation of the NSC and SCNS.</p> <p><i>Quantity:</i> 11 meetings each of NSC and SCNS are expected to be organised and coordinated.</p> <p><i>Timeliness:</i> As for Cabinet business.</p> <p><i>Quality:</i> Degree of satisfaction of the Governor-General and his Official Secretary with the support provided by the Executive Council Secretariat.</p> <p><i>Timeliness:</i> Papers and schedules are delivered to Government House two working days prior to an Executive Council meeting.</p> <p><i>Quantity:</i> 30 meetings of the Executive Council are expected to be organised and coordinated.</p> <p><i>Quality:</i> Degree of satisfaction of the Prime Minister, the Secretary, the Secretary to Cabinet and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the monitoring role provided by the Cabinet Implementation Unit.</p> <p><i>Timeliness:</i> Quarterly reports are produced within agreed timeframes.</p> <p><i>Quantity:</i> Some 150 policy measures are monitored throughout the year.</p>

Output	Performance information
<p>Output 4.2: Machinery of Government</p> <p>Advice, briefing and support on parliamentary, machinery of government, legal and cultural (including the National Australia Day Council) issues, including on presentation of the government's decisions in these areas.</p> <p>Policy, coordination and promotion of awards and national symbols.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive, as expressed through formal and informal feedback mechanisms, with the timeliness and quality of material for the Prime Minister's and other ministers' consideration.</p> <p>Maintenance of clear and up-to-date guidelines for annual reports, caretaker conventions, Guide for Official Witnesses Appearing before Parliamentary Committees and the Legislation Handbook.</p> <p>Timely introduction of amendments to portfolio legislation, as necessary.</p> <p>Extent to which the interests of the Commonwealth are successfully protected in legal actions involving the department or the portfolio's ministers.</p> <p>The degree of satisfaction of the Parliamentary Business Committee with the timeliness and accuracy of the production and distribution of:</p> <ul style="list-style-type: none"> • the legislation programme • public lists of proposed legislation • reports of unproclaimed legislation. <p>The degree of satisfaction with support and promotion of the Australian honours system, including:</p> <ul style="list-style-type: none"> • the quality and timeliness of policy advice • accurate and timely processing of nominations for awards • the accurate and timely preparation of congratulatory messages • effective coordination with Government House on promotional activities related to the national honours and awards system.
<p>Administered item</p> <p>National Australia Day Council (NADC)</p>	<p><i>Quality:</i> Grant administered in compliance with the reporting mechanisms, objectives and other provisions of the grant funding deed with the NADC so as to contribute to achieving the vision of the council (to inspire national pride and spirit to enrich the life of the nation).</p>
<p>Output 4.3: Government Communications</p> <p>Coordination of government communications, including management of the Central Advertising System (CAS).</p>	<p><i>Quality:</i> The degree of satisfaction of the Chairman and members of the Ministerial Committee on Government Communications (MCGC) with the advice and secretariat support provided by the Government Communications Unit (GCU).</p> <p>The degree of satisfaction with the CAS among clients of the master placement agencies.</p>

Agency Budget Statements — Outcomes — PM&C

Output	Performance information
<p>Output 4.3: Government Communications (continued)</p> <p>Coordination of government communications, including management of the CAS.</p> <p>Provision of photographic services by AUSPIC (the government photographic service).</p>	<p><i>Timeliness:</i> Maximise compliance with the requirement that agenda papers be provided by departments and agencies seven working days prior to an MCGC meeting.</p> <p><i>Quantity:</i> On the basis of recent experience, the GCU would expect to organise and coordinate 45–50 meetings of the MCGC covering 25 public information activities in 2006–07.</p> <p><i>Quality:</i> The degree of customer satisfaction with AUSPIC services.</p> <p><i>Price:</i> Achievement of a break-even financial position from trading activities by AUSPIC.</p>
<p>Output 4.4: Support to Official Establishments</p> <p>Management of the Prime Minister's official residences.</p> <p>Secretariat support for the Official Establishments Trust.</p>	<p><i>Quality:</i> The degree of satisfaction of the occupants and departmental Executive with the management of the Prime Minister's official residences. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.</p> <p><i>Quality:</i> The degree of satisfaction of Official Establishments Trust members with the timeliness and quality of advice and secretariat support.</p>
<p>Administered item</p> <p>Prime Minister's official residences</p>	<p><i>Quality:</i> The serviceability and standard of The Lodge and Kirribilli House, including practicality, level of amenity, style and presentation. This must be consistent with their status as part of the National Estate and in line with statutory heritage and planning obligations.</p>
<p>Output 4.5: Support for Ministerial Offices</p> <p>Provision of office services for the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive with the office services provided.</p>
<p>Administered item</p> <p>Allowances and support to former Governors-General.</p>	<p><i>Quality:</i> Former Governors-General receive allowances and support in accordance with their entitlement.</p>
<p>Output 4.6: Ceremonial and Hospitality</p> <p>Provision of support services to the government relating to overseas visits by the Prime Minister, government hospitality for overseas dignitaries and official ceremonies.</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive with management of the government's ceremonial and hospitality services.</p>

Output	Performance information
<p>Administered items</p> <p>State occasions and official visits</p>	<p><i>Quality:</i> The degree of satisfaction of the Prime Minister, the Minister assisting and the Parliamentary Secretary, their offices and the departmental Executive and the Governor-General's Office, as expressed through formal and informal feedback mechanisms, with:</p> <ul style="list-style-type: none"> • visits to Australia by heads of state and government • arrangements for the Prime Minister's overseas visits • state occasions • advice on relevant matters, including official gifts. <p>Assessment by the sponsoring minister, minister's office or department, together with Australian and foreign diplomatic representatives, as expressed through formal and informal feedback mechanisms, of:</p> <ul style="list-style-type: none"> • the benefits from the programme of official visits • the efficient organisation and presentation of ceremonial occasions and hospitality services. <p><i>Quantity:</i> On the basis of recent experience, Ceremonial and Hospitality branch (CERHOS) would expect to facilitate eight head-of-state and head-of-government visits, 30 ministerial visits and four state funerals.</p>
Total price for Output Group 4	\$28.1 million
Administered expenditure	\$12.9 million

Evaluations for Outcome 1

The performance of the department's activities is evaluated through the internal and external audit programme. The Audit Committee is an important part of the department's evaluation strategy. Audits conducted throughout the year are tabled at each Audit Committee meeting and members consider the findings and recommendations. Agreed recommendations are incorporated in the department's practices and procedures.

The audit programme includes a combination of compliance and comprehensive reviews. For the 2006–07 financial year, the following areas within the department may be subject to review:

- financial management
- grants management
- knowledge management.

The current 2005–06 programme has seen the successful transition to a new internal audit provider, and a three-year Strategic Work Plan for the period 2006–09 will soon be in place to ensure that a strategic and comprehensive programme is established for internal audit. The internal audit programme for 2006–07 will be finalised in consultation with divisional management and considered by the Audit Committee in October 2006 as part of its consideration of the Strategic Work Plan 2006–09.

The department is also covered by the programme of the Australian National Audit Office and may be involved in some cross-portfolio audits or benchmarking activities.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

The department has a purchaser-provider arrangement with the Office of the Commonwealth Ombudsman to provide accommodation and other overheads for the Australiana Fund at its Sydney office.

4.2 COST RECOVERY ARRANGEMENTS

The department's only significant cost recovery operations are undertaken by AUSPIC, but due to their limited nature do not fall within the reporting requirements of the government's Cost Recovery Guidelines.

The department will be undertaking a review of these operations during 2006–07 to ensure that they are consistent with the Cost Recovery Guidelines.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The department's expenditure on Indigenous matters for 2005–06 and planned expenditure for 2006–07 is shown in the table below:

Table 4.1: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other	Total	Cross reference
	Bill No. 1	Bill No. 2	Special Approp	Total Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)
Outcome 1							
Department of the Prime Minister and Cabinet							
Departmental 2006–07	715			715		715	Portfolio Overview
Departmental 2005–06	702			702		702	Table 1

Section 5: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

This section provides an analysis of the department's budgeted financial statements, as reflected in the budgeted departmental financial statements and administered schedules for 2006–07.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted departmental income statement

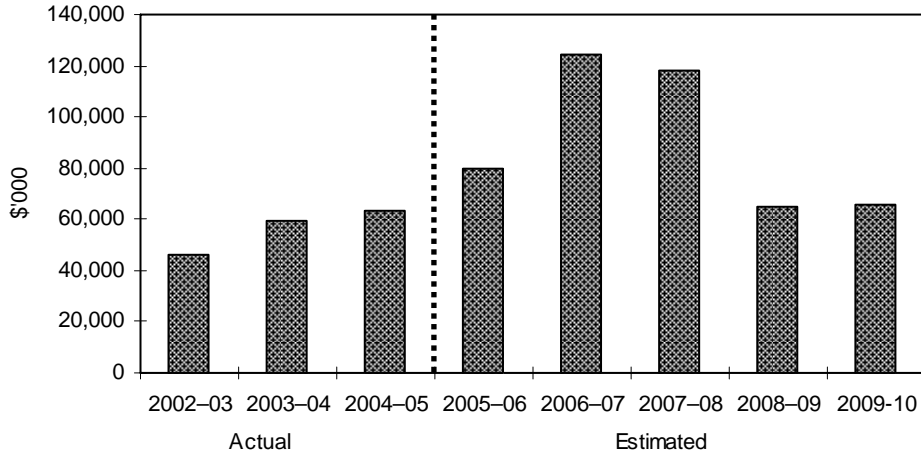
The department is budgeting for a small operating surplus of \$0.1 million in 2006–07. The estimated actual operating result for 2005–06 is a surplus of \$18.9 million, attributable to an underspend by the APEC Taskforce.

The APEC Taskforce underspend is due to difficulties in estimating in advance the expenses required for this project, including expenses by year. In recognition of such uncertainties, arrangements with the Department of Finance and Administration provide for the quarantining of this funding from the department and for its provision as it is required. Any surplus funds will be returned to the Official Public Account following completion of the project.

Total revenue for the department in 2006–07 is estimated to be \$124.5 million, an increase of \$25.7 million from the 2005–06 estimated actual. The increase is primarily as a result of the net increase in funding from measures disclosed in the 2006–07 Budget (\$4 million; details are provided in Section 2, Table 2.2) and funding for the APEC Taskforce disclosed in the 2005–06 Budget and Additional Estimates (\$22 million).

Total expenses for the department in 2006–07 are estimated to be \$124.5 million, an increase of \$44.5 million from the 2005–06 estimated actual. The increase is due to the activities outlined above. The department will experience increased depreciation expenses in 2006–07 and 2007–08 from the combined effects of the accelerated depreciation of the fit-out in its existing building, in the lead-up to the move to its new building in 2006–07; depreciation of fit-out in the new building, which, while of similar standard to the current fit-out, represents a higher cost base than the existing building; and depreciation of equipment purchased to support the APEC meetings in 2007.

Figure 5: Trends in departmental expenses, 2002–03 to 2009–10



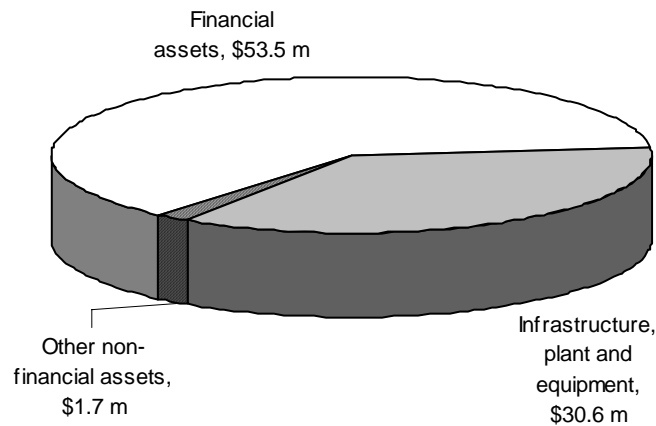
Revenue and expenses for 2006–07 and 2007–08 are expected to remain at the higher levels shown in Figure 5 while the APEC Taskforce remains in operation and are expected to return to normal levels in 2008–09 when the Taskforce ceases operation.

Budgeted departmental balance sheet

The department’s budgeted net asset position of \$56.6 million for 2006–07 represents an increase of \$14.3 million from the 2005–06 estimated actual.

Total assets are expected to increase by \$23.4 million from the 2005–06 actual to \$85.9 million in 2006–07. The increase is due to increased infrastructure, plant and equipment associated with capital works for the department’s new accommodation (\$8.7 million) and an increase in appropriation receivable (due to the operating surplus in 2005–06).

Figure 6: Budgeted assets for 2006–07



The department's primary liability relates to accrued employee leave entitlements totalling \$19.3 million. The liability is estimated to increase by \$4.8 million in 2006–07 due to the significant increase in staff over the period 2005–06 to 2007–08.

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

The department's equity of \$56.6 million represents an increase of \$14.3 million from the 2005–06 estimated actual. The increase is due to the changes in the balance sheet outlined above.

Departmental capital budget statement

The department will receive an equity injection of \$14.2 million in 2006–07 associated with capital works for 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 \$9.4 million in 2006–07 for payments it will administer on behalf of the Australian Government, representing an increase of \$0.4 million from 2005–06 estimated actuals. The increase is attributable to an increase in the annual grant to the National Australia Day Council.

Schedule of budgeted assets and liabilities administered on behalf of government

Assets and liabilities are expected to remain relatively unchanged from 2005–06 and across the forward years. Assets are almost exclusively the two official residences (\$32 million). Liabilities are made up of supplier payables, employee provisions for permanent staff at the residences and the superannuation entitlements of the former Governors-General (\$11 million).

BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
INCOME					
Revenue					
Revenues from government	94,987	120,738	114,563	61,234	61,780
Goods and services	623	623	623	623	623
Other	1,310	1,310	1,310	1,310	1,310
Total revenue	96,920	122,671	116,496	63,167	63,713
Gains					
Net gains from sale of assets	60	60	60	60	60
Other	1,800	1,800	1,800	1,800	1,800
Total gains	1,860	1,860	1,860	1,860	1,860
Total income	98,780	124,531	118,356	65,027	65,573
EXPENSE					
Employees	44,160	61,627	55,250	37,742	38,096
Suppliers	29,120	52,025	52,566	20,322	20,514
Grants	2,100	2,150	2,200	2,200	2,200
Subsidies					
Depreciation and amortisation	4,444	8,569	8,180	4,603	4,603
Finance costs					
Write-down of assets and impairment of assets					
Net losses from sale of assets	60	60	60	60	60
Net foreign exchange losses					
Other					
Total expenses	79,884	124,431	118,256	64,927	65,473
Share of operating results of associates and joint ventures accounted for using the equity method					
Operating result	18,896	100	100	100	100
Minority interest in net surplus or (deficit)					
Net surplus or (deficit) attributable to the Australian Government	18,896	100	100	100	100

Table 5.2: Budgeted departmental balance sheet as at 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
ASSETS					
Financial assets					
Cash	627	627	627	627	617
Receivables	37,819	52,600	55,904	46,354	48,175
Accrued revenues	322	322	322	322	322
Other					
Total financial assets	38,768	53,549	56,853	47,303	49,114
Non-financial assets					
Land and buildings					
Infrastructure, plant and equipment	21,953	30,631	25,494	23,934	22,374
Intangibles	1,368	1,368	1,368	1,368	1,368
Assets held for sale					
Other	396	378	378	378	378
Total non-financial assets	23,717	32,377	27,240	25,680	24,120
Total assets	62,485	85,926	84,093	72,983	73,234
LIABILITIES					
Interest bearing liabilities					
Loans					
Other					
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	14,426	19,289	17,211	12,127	12,241
Other					
Total provisions	14,426	19,289	17,211	12,127	12,241
Payables					
Suppliers	5,655	9,928	10,073	3,947	3,984
Grants					
Other	141	142	142	142	142
Total payables	5,796	10,070	10,215	4,089	4,126
Total liabilities	20,222	29,359	27,426	16,216	16,367
EQUITY¹					
Parent entity interest					
Contributed equity	16,817	31,021	31,021	31,021	31,021
Reserves	2,347	2,347	2,347	2,347	2,347
Retained surpluses or accumulated deficits	23,099	23,199	23,299	23,399	23,499
Total parent entity interest	42,263	56,567	56,667	56,767	56,867
Total equity	42,263	56,567	56,667	56,767	56,867
Current assets	37,491	51,556	50,456	43,790	43,940
Non-current assets	24,994	34,370	33,637	29,193	29,294
Current liabilities	9,302	13,505	12,616	7,459	7,529
Non-current liabilities	10,920	15,854	14,810	8,757	8,838

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	623	623	623	623	623
Appropriations	71,205	108,540	112,547	61,904	61,475
GST Input Credit Receipts	3,300	4,700	4,700	2,100	2,200
Other	1,310	1,310	1,310	1,310	1,310
Total cash received	76,438	115,173	119,180	65,937	65,608
Cash used					
Employees	42,384	56,764	57,328	32,658	38,210
Suppliers	26,157	48,978	52,421	26,448	20,477
Grants	2,088	2,188	2,188	2,188	2,188
GST Payments	2,800	4,200	4,200	1,600	1,700
Other					
Total cash used	73,429	112,130	116,137	62,894	62,575
Net cash from or (used by) operating activities	3,009	3,043	3,043	3,043	3,033
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	60	60	60	60	60
Other					
Total cash received	60	60	60	60	60
Cash used					
Purchase of property, plant and equipment	17,508	17,307	3,103	3,103	3,103
Other					
Total cash used	17,508	17,307	3,103	3,103	3,103
Net cash from or (used by) investing activities	(17,448)	(17,247)	(3,043)	(3,043)	(3,043)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	14,405	14,204			
Other					
Total cash received	14,405	14,204	-	-	-
Cash used					
Other					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	14,405	14,204	-	-	-
Net increase or (decrease) in cash held	(34)	-	-	-	(10)
Cash at the beginning of the reporting period	661	627	627	627	627
Cash at the end of the reporting period	627	627	627	627	617

Table 5.4: Departmental statement of changes in equity—summary of movement (Budget 2006–07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	23,099	2,347		16,817	42,263
Adjustment for changes in accounting policies					
Adjusted opening balance	23,099	2,347	-	16,817	42,263
Income and expense					
Gain/loss on revaluation of property					
Sub-total income and expense					
Net operating result	100				100
Total income and expenses recognised directly in equity	100	-	-	-	100
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Other					
<i>Contribution by owners</i>					
Appropriation (equity injection)				14,204	14,204
Other:					
Sub-total transactions with owners	-	-	-	14,204	14,204
Transfers between equity components					
Estimated closing balance as at 30 June 2007	23,199	2,347	-	31,021	56,567

Table 5.5: Departmental capital budget statement

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	14,405	14,204			
Total loans					
Total capital appropriations	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			
Total	17,508	17,307	-	-	-

Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2006–07)

	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 2006							
Gross book value			39,698		4,387		44,085
Accumulated depreciation			17,745		3,019		20,764
Opening net book value	-	-	21,953	-	1,368	-	23,321
Additions:							
by purchase			17,307				17,307
internally developed							
Depreciation/amortisation expense			8,569				8,569
Other movements							
Disposals:							
other disposals			60		-		60
As at 30 June 2007			30,631		1,368		31,999
Gross book value			56,945		4,387		61,332
Accumulated depreciation			26,314		3,019		29,333
Estimated closing net book value			30,631		1,368		31,999

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services					
Other sources of non-taxation revenues	3,600	3,600	3,600	3,600	3,600
Total non-taxation	3,600	3,600	3,600	3,600	3,600
Total revenues administered on behalf of government	3,600	3,600	3,600	3,600	3,600
Gains					
Net gains from sale of assets					
Total gains administered on behalf of government	-	-	-	-	-
Total income administered on behalf of government	3,600	3,600	3,600	3,600	3,600
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	1,856	2,303	2,359	2,410	2,464
Personal benefits	850	857	866	875	884
Employees	900	920	948	972	996
Suppliers	8,818	8,794	8,973	9,028	9,157
Depreciation and amortisation	113	113	113	113	113
Other					
Total expenses administered on behalf of government	12,537	12,987	13,259	13,398	13,614

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	501	481	461	461	461
Receivables	1,576	1,576	1,576	1,576	1,576
Accrued revenues	820	820	820	820	820
Other financial assets					
Total financial assets	2,897	2,877	2,857	2,857	2,857
Non-financial assets					
Land and buildings	31,949	31,909	31,869	31,829	31,789
Infrastructure, plant and equipment	321	268	215	142	69
Heritage and cultural assets					
Intangibles					
Other	27	27	27	27	27
Total non-financial assets	32,297	32,204	32,111	31,998	31,885
Total assets administered on behalf of government	35,194	35,081	34,968	34,855	34,742
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Australian Government securities					
Other					
Total interest bearing liabilities					
Provisions					
Employees	186	190	194	198	202
Other provisions					
Total provisions	186	190	194	198	202
Payables					
Suppliers	317	317	317	317	317
Grants and subsidies					
Personal benefits payable	11,100	11,100	11,100	11,100	11,100
Other payables					
Total payables	11,417	11,417	11,417	11,417	11,417
Liabilities included in disposal groups held for sale					
Total liabilities administered on behalf of government	11,603	11,607	11,611	11,615	11,619

Table 5.9: Schedule of budgeted administered cash flow for the period ended 30 June

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000
OPERATING ACTIVITIES					
Cash received					
GST Input Credit Receipts	2,100	1,100	1,100	1,100	1,100
Sales of goods	3,600	3,600	3,600	3,600	3,600
Cash from Official Public Account	14,520	13,970	14,242	14,381	14,597
Other					
Total cash received	20,220	18,670	18,942	19,081	19,297
Cash used					
GST Payments	2,100	1,100	1,100	1,100	1,100
Employees	896	916	944	968	992
Grant payments	1,856	2,303	2,359	2,410	2,464
Personal benefits	850	857	866	875	884
Suppliers	8,818	8,794	8,973	9,028	9,157
Transfer to Official Public Account	5,700	4,700	4,700	4,700	4,700
Total cash used	20,220	18,670	18,942	19,081	19,297
Net cash from or (used by)					
operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of PP&E					
Other cash received	451				
Total cash received	451	-	-	-	-
Cash used					
Purchase of PP&E and intangibles	20	20	20	-	-
Total cash used	20	20	20	-	-
Net cash from or (used by)					
investing activities	431	(20)	(20)	-	-
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account					
Total cash received	-	-	-	-	-
Cash used					
Cash to Official Public Account					
Total cash used	-	-	-	-	-
Net cash from or (used by)					
financing activities	-	-	-	-	-
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	70	501	481	461	461
Cash from Official Public Account for:					
– appropriations	14,971	13,970	14,242	14,381	14,597
– special accounts					
Other Income	3,600	3,600	3,600	3,600	3,600
Cash to Official Public Account for:					
– appropriations					
– special accounts	5,700	4,700	4,700	4,700	4,700
Other Payments	12,440	12,890	13,162	13,281	13,497
Cash at end of reporting period	501	481	461	461	461

Table 5.10: Schedule of administered capital budget

	Estimated actual 2005–06 \$'000	Budget estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'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 5.11: Schedule of administered property, plant, equipment and intangibles—summary of movement
(Budget year 2006–07)**

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006									
Gross book value	28,000		6,719		1,260				35,979
Accumulated depreciation			2,770		939				3,709
Opening net book value	28,000		3,949		321				32,270
Additions:									
by purchase					20				20
Depreciation/amortisation expense			40		73				113
Impairments recognised in operating result									
Other movements									
Disposals:									
other disposals									
As at 30 June 2007	28,000		3,909		268				32,177
Gross book value	28,000		6,719		1,280				35,999
Accumulated depreciation	-		2,810		1,012				3,822
Estimated closing net book value	28,000		3,909		268				32,177

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Equivalent International Financial Reporting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Departmental

Revenue

Appropriation revenue accounts for 97 per cent of departmental revenue. Other revenue, which accounts for the remaining 3 per cent, relates to the activities of the Campaign Advertising special account, sales of goods and services (AUSPIC), sale of assets, and resources received free of charge.

Expenses

Employee expenses comprise approximately 65 per cent of departmental expenses. The remainder is largely made up of supplier expenses.

Other expenses relate to the activities of the Campaign Advertising special account.

Assets

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

Intangibles are computer software applications.

Other assets are prepayments.

Liabilities

Leases relate to the information technology infrastructure that is leased as part of the department's information technology contract arrangements.

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

Other revenue relates to the activities of 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.

Suppliers includes state occasions and official visits, the Prime Minister's official residences, support to former Governors-General, compensation and legal expenses, and expenses associated with operations of Media Commissions special account.

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

Goods and services revenue relates to the activities of the Media Commissions special account.

Assets

Cash and receivables relate to the activities of the Media Commissions special 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, and the entitlements of the former Governors-General.

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