

**PORTFOLIO  
BUDGET STATEMENTS  
2007-08**

**PRIME MINISTER AND CABINET PORTFOLIO**

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

**BUDGET RELATED PAPER NO. 1.15**

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## **The Hon Tony Smith 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 Budget Statements in support of the 2007-08 Budget for the Prime Minister and Cabinet Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, to the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Smith', with a long horizontal flourish extending to the right.

Tony Smith



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**PURPOSE AND STRUCTURE OF  
PORTFOLIO BUDGET  
STATEMENTS**



## Purpose of the Portfolio Budget Statements

The purpose of the 2007–08 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 appropriation acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2007–08. In this sense the PB Statements are 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 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 and accordingly, these entities are not reported in the PB Statements.

## Structure of the Portfolio Budget Statements

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

<b>Part</b>	<b>Description</b>
<b>Purpose and structure of the Portfolio Budget Statements</b>	
	An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.
<b>Portfolio Overview</b>	
	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.
<b>Agency Budget Statements</b>	
	For each agency within the portfolio, a budget statement is presented in five sections:
<b>Section 1: Overview</b>	A brief overview of the agency.
<b>Section 2: Resources</b>	A reconciliation of agency resourcing information from the <i>2006–07 Mid-Year Economic and Fiscal Outlook</i> to the 2007–08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
<b>Section 3: Outcomes</b>	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(s), performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to administered items.
<b>Section 4: Other reporting requirements</b>	Includes purchaser–provider and cost recovery components.
<b>Section 5: Budgeted financial statements</b>	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
<b>Glossary</b>	Explains key terms.
<b>Index</b>	Alphabetical guide to the PB Statements.

## **PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS**

Comprehensive information on all government decisions announced in the Budget is included in Budget Paper No. 2, *Budget Measures 2007–08*. The PB Statements include a summary of Budget measures in each agency’s Table 2.2, 2007–08 Budget measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

<b>Budget Paper</b>	<b>PB Statements</b>
<b>Budget Paper No. 1: Budget Strategy and Outlook</b>	
<b>Statement 1: Fiscal Strategy and Budget Priorities</b> Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007–08
<b>Statement 2: Fiscal Outlook</b> Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007–08
<b>Statement 10: AEIFRS Financial Statements</b> Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
<b>Budget Paper No. 2: Budget Measures</b>	
Budget revenue, expense and capital measures	(Agency) Resources for 2007–08
<b>Budget Paper No. 3: Federal Financial Relations</b>	
Information on the Australian Government’s relations with states, territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2007–08 (Agency) Outcomes
<b>Budget Paper No. 4: Agency Resourcing</b>	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007–08

## **Departmental and administered distinction**

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions controlled by agencies are reported separately from other transactions in their accounts.

### **Departmental**

Revenues, expenses, assets and liabilities 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**

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.

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## **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 for 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 and territories
- 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 and territory governments). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007-08*.

## **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 Equivalent to International 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 2007–08 Budget year and each of the forward years from 2008–09 to 2010–11. The statements also include the estimated actual for 2006–07 for comparative purposes.

The schedules included in the budgeted financial statements for 2007–08 are as follows.

<b>Schedule</b>	<b>Purpose</b>
<b>Budgeted departmental income statement</b>	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlight whether the agency is operating at a sustainable level.
<b>Budgeted departmental balance sheet</b>	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
<b>Budgeted departmental statement of cash flows</b>	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.
<b>Budgeted departmental statement of changes in equity — summary of movement</b>	Represents the movement of parent entity (the Commonwealth) interest in the agency. The statement reflects the net operating result, movements relating to capital returns and additional capital injections from the Commonwealth.
<b>Departmental capital budget statement</b>	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.
<b>Departmental property, plant, equipment and intangibles — summary of movement</b>	Shows budgeted acquisitions and disposals of non-financial assets during the Budget year.

## *Purpose and structure of Portfolio Budget Statements*

<b>Schedule</b>	<b>Purpose</b>
<b>Schedule of budgeted income and expenses administered on behalf of government</b>	Identifies the main revenues and expenses administered on behalf of government.
<b>Schedule of budgeted assets and liabilities administered on behalf of government</b>	Shows the assets and liabilities administered on behalf of government.
<b>Schedule of budgeted administered cash flows</b>	Shows cash flows administered on behalf of government.
<b>Schedule of administered capital budget</b>	Shows details of planned administered capital expenditure.
<b>Schedule of administered property, plant, equipment and intangibles — summary of movement</b>	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

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**

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 PRIME MINISTER AND CABINET PORTFOLIO**

### **PORTFOLIO RESPONSIBILITIES**

The responsibilities of the portfolio have not changed since the publication of the 2006–07 Portfolio Additional Estimates Statements.

The department and the six 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, 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.

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

## *Portfolio Overview*

The **Australian Public Service Commission** works to achieve a planned outcome of fostering 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.

The **Office of National Assessments** works to achieve two planned outcomes: enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments; and enhanced intelligence support for Defence planning and deployments, in peacetime and in conflict, to maximise prospects for military success and to minimise loss of Australian lives. The Office's output groups are product, briefing and coordination.

The **Office of the Commonwealth Ombudsman** works to achieve a planned outcome of ensuring that administrative action by Australian government agencies is fair and accountable. The Ombudsman's two outputs are review of administrative action and review of statutory compliance in specified areas.

The **Office of the Inspector-General of Intelligence and Security** works to achieve its planned outcome of assurance that Australia's intelligence agencies act legally, ethically and with propriety. The Office does this through 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** works to achieve its planned outcome of enabling the Governor-General to perform the constitutional, statutory, ceremonial and public duties associated with the 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**



## APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

As reported in the 2006–07 Portfolio Additional Estimates Statements, the Office of Water Resources, established within the Department of the Prime Minister and Cabinet, and the National Water Commission were transferred to the Environment and Water Resources portfolio as part of the machinery of government changes approved by the Governor-General on 30 January 2007.

**Portfolio table 1: Appropriations and other receipts for portfolio agencies**

	Departmental				Receipts	Total
	Appropriations					
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	Total \$'000	\$'000	\$'000
Department of Prime Minister and Cabinet	134,860	-	-	134,860	2,007	136,867
Australian National Audit Office	63,038	-	392	63,430	2,326	65,756
Australian Public Service Commission	20,498	-	315	20,813	19,365	40,178
Office of National Assessments	29,735	5,968	-	35,703	-	35,703
Office of the Commonwealth Ombudsman	17,763	-	-	17,763	1,673	19,436
Office of the Inspector-General of Intelligence and Security	1,754	-	-	1,754	-	1,754
Office of the Official Secretary to the Governor-General	11,658	2,381	-	14,039	72	14,111
<b>Total departmental</b>	<b>279,306</b>	<b>8,349</b>	<b>707</b>	<b>288,362</b>	<b>25,443</b>	<b>313,805</b>
	Administered				Receipts	Total
	Appropriations					
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	Total \$'000	\$'000	\$'000
Department of Prime Minister and Cabinet	8,908	-	909	9,817	5,047	14,864
Office of the Official Secretary to the Governor-General	1,225	-	365	1,590	-	1,590
<b>Total administered</b>	<b>10,133</b>	<b>-</b>	<b>1,274</b>	<b>11,407</b>	<b>5,047</b>	<b>16,454</b>
<b>TOTAL</b>	<b>289,439</b>	<b>8,349</b>	<b>1,981</b>	<b>299,769</b>	<b>30,490</b>	<b>330,259</b>

The department and some portfolio agencies are being provided with additional appropriation for new measures. Details of these measures are provided in Budget Paper No. 2.

The department is being provided with additional appropriation for:

- APEC 2007 – additional funding
- Strengthening National Security
  - enhanced research support for counter – terrorism
  - enhancing Australia’s approach to Chemical, Biological, Radiological and Nuclear Security
- Cole Inquiry – possible criminal offences.

The Australian National Audit Office is being provided with additional appropriation for auditing standards – meeting new requirements.

The Australian Public Service Commission is being provided with additional appropriation for:

- Information technology infrastructure and outsourcing capability – investment
- Australian Public Service – Registered Training Organisation accreditation.

The Office of the Commonwealth Ombudsman is being provided with additional appropriation for migration legislation – two year detention reviews.

## AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE PRIME MINISTER AND CABINET PORTFOLIO

**Portfolio table 2: Australian Government indigenous expenditure (AGIE)**

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)
	Bill	Bill	Special	Total		
	No. 1	No. 2	approp	approp		
	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (D)		
<b>Department of the Prime Minister and Cabinet</b>						
<b>Outcome 1</b>						
Departmental 2007–08 <sup>1</sup>	736	-	-	736	-	736
Departmental 2006–07	926	-	-	926	-	926
<b>Australian Public Service Commission</b>						
<b>Outcome 1</b>						
Departmental 2007–08	4,220	-	-	4,220	443	4,663
Departmental 2006–07	4,140	-	-	4,140	150	4,290
<b>Total AGIE 2007–08</b>	<b>4,956</b>	-	-	<b>4,956</b>	<b>443</b>	<b>5,399</b>
Total AGIE 2006–07	5,066	-	-	5,066	150	5,216

1. The reduction in expenditure in 2007–08 is due to one-off funding of \$0.2 million provided in 2006–07 only for the Council of Australian Governments Working Group on Indigenous Generational Reform.



# AGENCY BUDGET STATEMENTS

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