



# Budget

## 2017-18

**Portfolio Budget Statements 2017-18**  
**Budget Related Paper No. 1.8**

FINANCE Portfolio

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

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**SENATOR THE HON MATHIAS CORMANN**  
**Minister for Finance**  
**Deputy Leader of the Government in the Senate**

President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2017-18 Budget for the Finance Portfolio.

These statements have been developed, and are submitted to 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.

Kind regards

  
Mathias Cormann  
**Minister for Finance**

2 May 2017

## 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nfp	not for publication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 the Chief Finance Officer, Department of Finance, on (02) 6215 2222.

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

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET STATEMENTS**

# USER GUIDE

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

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2017-18 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2017-18 for the parliamentary departments). In this sense, the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

## **The Enhanced Commonwealth Performance Framework.**

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

## Enhanced Commonwealth Performance Framework - key components of relevant publications

### Portfolio Budget Statements (May)

*Portfolio based*

Supports Annual Appropriations. Informs Senators and Members of Parliament of the proposed allocation of other resources to **government outcomes and programs**.

Provides links to **relevant programs** undertaken by other Commonwealth entities.

Provides high level performance information for current, ongoing programs, particularly a **forecast of performance for the current year**.

Provides **detailed** prospective performance information for proposed new budget measures that require a **new program** or **significantly change an existing program**.

### Corporate Plan (August)

*Entity based*

**Primary planning document** of a Commonwealth entity.

Sets out the **purposes** of the entity, the **activities** it will undertake to achieve its purposes and the **results** it expects to achieve over a minimum four year period.

Describes the **environment** in which the entity **operates**, the **capability** it requires to undertake **activities** and a discussion of **risk**.

Explains how the entity's **performance** will be **measured and assessed**.



### Annual Performance Statement (October following year)

*Entity based*

Included in the Commonwealth entity's Annual Report. Focuses on **recent performance**.

Reports on the **actual performance results** for the year against the **forecasts** made in the **corporate plan** and **Portfolio Budget Statements**, and provides other performance information relevant to the entity.

Provides an **analysis** of the factors that **contributed** to the **entity's performance results**.





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# **PORTFOLIO OVERVIEW**



# FINANCE PORTFOLIO OVERVIEW

## Ministers and portfolio responsibilities

The Ministers responsible for the Finance portfolio and its entities are:

- Senator the Hon Mathias Cormann, Minister for Finance; and
- Senator the Hon Scott Ryan, Special Minister of State.

The Minister for Finance has overall responsibility for the Finance portfolio, and particular responsibility for the following:

- Budget policy advice and process, and review of governmental programs.
- Government financial accountability, governance and financial management frameworks, including grants and procurement policy and services.
- Shareholder advice on Government Business Enterprises (GBEs) and commercial entities treated as GBEs.
- Policy guidance and management of Act of Grace requests and waiver of debts owed to the Commonwealth.
- General policy guidelines for Commonwealth statutory authorities.
- Superannuation arrangements for Australian Government civilian employees and parliamentarians, and retirement benefits for Governors-General, Federal Judges and Federal Court Judges.
- Asset sales.
- Policy advice on the Future Fund and the Australian Government Investment Funds, and authorisation of payments from the Australian Government Investment Funds to entities.
- The Public Works Committee.
- The administration of the Commonwealth non-Defence property portfolio and lease arrangements, with a view to reducing the Commonwealth's property holdings and ensuring lease arrangements deliver better value for money across government.

The Special Minister of State is responsible for the following:

- Administration of parliamentary expenses.
- *Members of Parliament (Staff) Act 1984* (MOPs) employment framework<sup>1</sup>.
- Electoral administration and electoral policy<sup>2</sup>.

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<sup>1</sup> Shared responsibility with the Prime Minister.

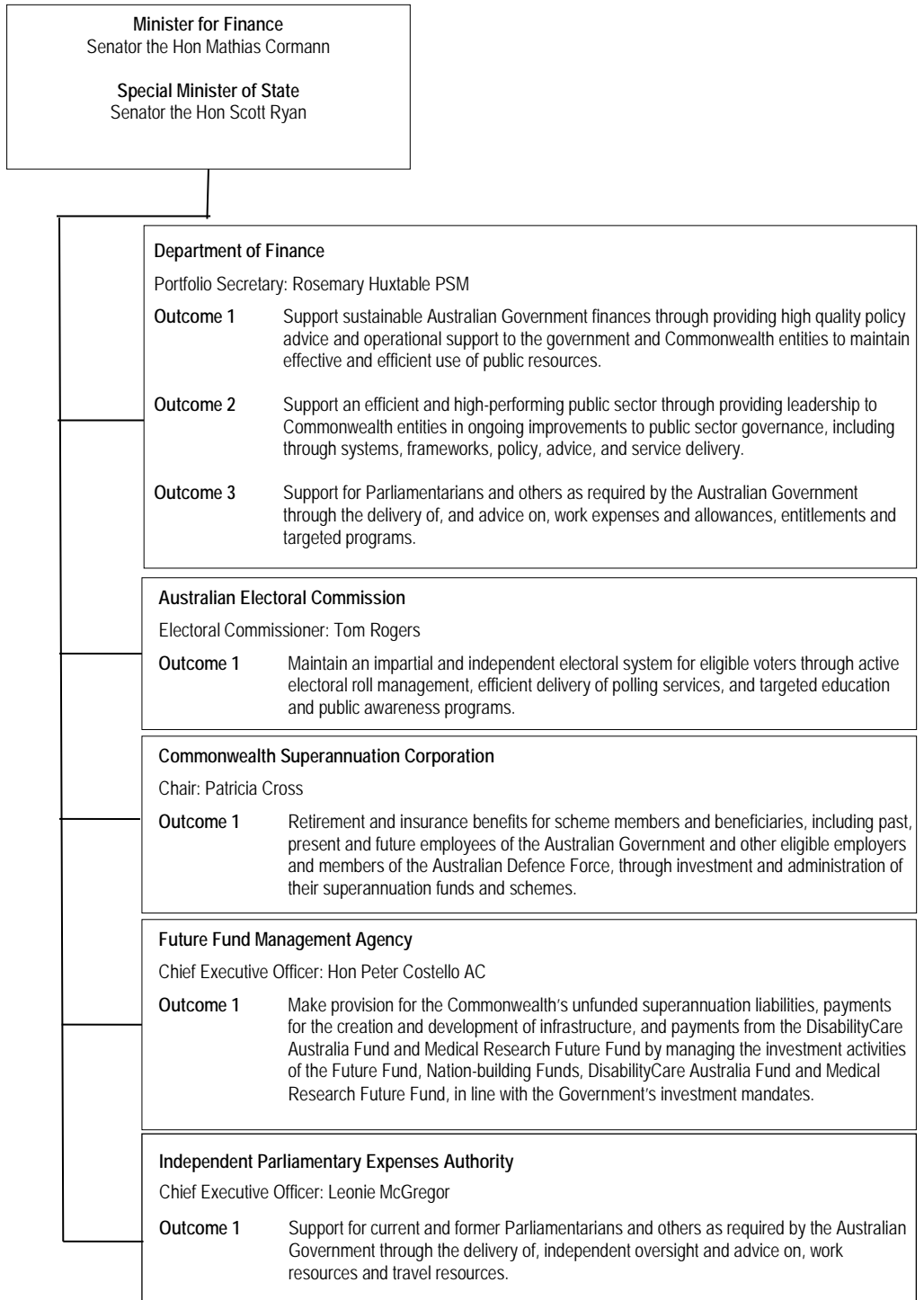
<sup>2</sup> Working together with the Minister for Finance on electoral policy, including developing government responses to recommendations made by the Joint Standing Committee on Electoral Matters.

*Portfolio overview*

- Requests for act of grace payments and waivers of debt under the *Public Governance, Performance and Accountability Act 2013*.
- Government campaign advertising.
- Service Delivery and Coordination Committee on the government's campaign advertising.
- Comcover, the government's self-managed insurance fund.
- Responding to correspondence relating to the administration of government superannuation.

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

**Figure 1: Finance portfolio structure and outcomes**







# ENTITY RESOURCES AND PLANNED PERFORMANCE

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# **DEPARTMENT OF FINANCE**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# DEPARTMENT OF FINANCE

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## DEPARTMENT OF FINANCE

### Section 1: Entity overview and resources

#### 1.1 STRATEGIC DIRECTION STATEMENT

The key purpose of the Department of Finance (Finance) is to support the Australian Government's (the government's) objectives and public sector improvement, through responsible expenditure and oversight.

As one of the government's central entities, Finance assists the government to shape and deliver its agenda by providing high quality advice, policies, governance arrangements and professional services.

**Outcome 1**      *Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.*

To achieve Outcome 1, Finance:

- assists the government to develop and deliver its fiscal and economic policies by producing the Budget and the government's financial statements; and
- contributes to the government's reform agenda by seeking to improve the effectiveness of government spending.

**Outcome 2**      *Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice, and service delivery.*

To achieve Outcome 2, Finance:

- contributes to, and fosters, leading practice in public sector governance and accountability, encompassing the public resource management framework, procurement and grants policies, and the oversight of GBEs and other commercial entities;
- develops and administers key government policies in relation to Commonwealth land, public works and property management and advertising to ensure leading practice and ongoing improvement in the public sector management of government resources;
- delivers professional services in respect of the government's: non-Defence property portfolio within Australia (including major capital works projects), risk management and insurance arrangements (Comcover), key Whole of Australian Government (WoAG) purchasing arrangements (such as travel, office equipment, stationery) to ensure efficient and effective management of government resources, and certain corporate functions delivered by the Service Delivery Office; and

- advises on the government's Investment Funds and administers superannuation arrangements for the government's civilian employees, politicians and judges to support efficient and effective management of government resources.

**Outcome 3**      *Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs*

To achieve Outcome 3, Finance provides advice and services to Ministers, Office-holders, Senators, Members, their staff and others as required by the government.

## 1.2 ENTITY RESOURCE STATEMENT

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

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

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

Information in this table is presented on a resourcing (i.e. funding available) basis, whilst the 'Budgeted Expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.



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

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	107,218	107,905
Departmental appropriation (c)	279,357	256,930
s 74 retained revenue receipts (d)	19,659	22,899
Departmental capital budget (e)	-	6,480
Annual appropriations - other services - non-operating (f)		
Equity injection	69,808	64,202
<i>Total departmental annual appropriations</i>	<i>476,042</i>	<i>458,416</i>
Special accounts (g)		
Opening balance	728,422	686,095
Appropriation receipts (h)	140,608	83,787
Non-appropriation receipts	442,689	316,887
<i>Total special accounts</i>	<i>1,311,719</i>	<i>1,086,769</i>
<i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i>	<i>(140,608)</i>	<i>(83,787)</i>
<b>Total departmental resourcing</b>	<b>1,647,153</b>	<b>1,461,398</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)		
Outcome 1	-	-
Outcome 2	16,739	13,358
Outcome 3	278,424	260,221
Administered capital budget (i)	4,919	4,983
Annual appropriations - other services - non-operating (f)		
Administered assets and liabilities	1,890	512,404
<i>Total administered annual appropriations</i>	<i>301,972</i>	<i>790,966</i>
<i>Total administered special appropriations (g)</i>	<i>11,226,509</i>	<i>10,030,926</i>
Special accounts (g)		
Non-appropriation receipts	9,311,385	18,992,226
<i>Total special account receipts</i>	<i>9,311,385</i>	<i>18,992,226</i>
<b>Total administered resourcing</b>	<b>20,839,866</b>	<b>29,814,118</b>
<b>Total resourcing for Department of Finance</b>	<b>22,487,019</b>	<b>31,275,516</b>
	2016-17	2017-18
<b>Average staffing level (number)</b>	<b>1,318</b>	<b>1,257</b>

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

- (a) Appropriation Bill (No.1) 2017-18.  
 (b) Represents estimated unspent appropriations available from 2016-17.  
 (c) Excludes departmental capital budget (DCB).  
 (d) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).  
 (e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.  
 (f) Appropriation Bill (No.2) 2017-18.  
 (g) For further information on special appropriations and special accounts, please refer to *Budget Paper No.4 - Agency Resourcing*. Please also refer to Table 2.1.1, 2.2.1 and 2.3.1 for further information on

## *Finance Budget Statements*

outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

- (h) Amounts credited to the special account(s) from Finance's annual and special appropriations.
- (i) Administered capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.10 for further details. For accounting purposes, this amount is designated as a 'contribution by owner'.

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

**Table 1.1: Department of Finance resource statement — Budget estimates for 2017-18 as at Budget May 2017 (continued)****Third party payments from and on behalf of other entities**

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)		
Attorney-General's Department		
<i>Law Officers Act 1964</i>	450	450
Payments made by other entities on behalf of Department of Finance (disclosed above)		
Attorney-General's Department		
<i>Parliamentary Entitlements Act 1990</i>	400	400
Commonwealth Superannuation Corporation		
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,500	1,000
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - General Law Reform) Act 2008</i>	59	60
<i>Superannuation Act 1922</i>	83,486	76,163
<i>Superannuation Act 1976</i>	4,377,558	4,515,582
<i>Superannuation Act 1990</i>	1,844,330	1,875,469
Appropriation Act (No.1) (a)	500	500
Appropriation Act (No.1) (b)	294	451
Appropriation Act (No.2) (b)	968	992
Department of Defence		
<i>Parliamentary Entitlements Act 1990</i>	4,742	-
Department of the House of Representatives		
<i>Commonwealth of Australia Constitution Act (s66)</i>	3,165	3,141
<i>Parliamentary Entitlements Act 1990</i>	300	300
<i>Parliamentary Superannuation Act 2004</i>	4,562	4,601
Department of Parliamentary Services		
Appropriation Act (No.1)	60	350
<i>Parliamentary Entitlements Act 1990</i>	20,868	19,988
Department of the Senate		
<i>Commonwealth of Australia Constitution Act (s66)</i>	1,865	1,857
<i>Parliamentary Entitlements Act 1990</i>	200	200
<i>Parliamentary Superannuation Act 2004</i>	2,351	2,588
Comcare		
<i>Parliamentary Entitlements Act 1990</i>	100	100
Fair Work Commission		
<i>Judges' Pensions Act 1968</i>	6,054	6,578

(a) Compensation and legal payments.

(b) Act of Grace payments.

Note: Figures presented on a payment (cash) basis.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Department of Finance 2017-18 Budget measures**

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

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Revenue measures</b>						
ASC Pty Ltd - equity injection	2.2					
Administered revenues		-	100	400	800	1,200
National Disability Insurance Scheme - finalisation of transition arrangements (a)	2.8					
Administered revenues		(1,526)	(2,791)	(2,661)	-	-
National Disability Insurance Scheme Quality and Safeguards Commission - establishment (b)	2.8					
Administered revenues		-	(185)	(105)	-	-
<b>Total</b>		<b>(1,526)</b>	<b>(2,876)</b>	<b>(2,366)</b>	<b>800</b>	<b>1,200</b>
<b>Total revenue measures</b>						
Administered		(1,526)	(2,876)	(2,366)	800	1,200
<b>Total</b>		<b>(1,526)</b>	<b>(2,876)</b>	<b>(2,366)</b>	<b>800</b>	<b>1,200</b>

Table continues on next page

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

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Expense measures</b>						
Bureau of Meteorology - improved security and resilience (c)	2.1					
Departmental expenses		-	100	100	100	100
Immigration Reform - changes to Australia's visa processing arrangements (d)	2.1					
Departmental expenses		-	77	-	-	-
My Health Record - continuation and expansion (e)	2.1					
Departmental expenses		-	-	135	-	-
National Disability Insurance Scheme Quality and Safeguards Commission - establishment (b)	2.1, 2.8					
Administered expenses		-	(7)	(4)	-	-
Departmental expenses		-	72	-	-	-
Veteran Centric Reform (f)	2.1					
Departmental expenses		-	100	-	-	-
Australian Hearing Services - ownership arrangements	2.2					
Departmental expenses		-	-	-	-	-
Delivery of Inland Rail (g)	2.2					
Departmental expenses		-	6,744	2,951	1,024	986
Delivering Western Sydney Airport (h)	2.2					
Departmental expenses		-	1,700	298	298	300
Public Service Modernisation Fund - agency sustainability (i)	2.2					
Departmental expenses		-	-	-	-	-
Public Service Modernisation Fund - transformation and innovation stream (j)	2.2					
Departmental expenses		-	-	-	-	-
National Disability Insurance Scheme - finalisation of transition arrangements (a)	2.8					
Administered expenses		(52)	(95)	(91)	-	-
Independent Parliamentary Expenses Authority - establishment	3.1					
Departmental expenses		-	-	-	-	-
Life Gold Pass - abolition	3.1					
Administered expenses		(368)	(611)	(577)	(542)	(508)
<b>Total</b>		<b>(420)</b>	<b>8,080</b>	<b>2,812</b>	<b>880</b>	<b>878</b>
<b>Total expense measures</b>						
Administered		(420)	(713)	(672)	(542)	(508)
Departmental		-	8,793	3,484	1,422	1,386
<b>Total</b>		<b>(420)</b>	<b>8,080</b>	<b>2,812</b>	<b>880</b>	<b>878</b>

Table continues on next page

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

Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Capital measures</b>					
ASC Pty Ltd - equity injection	2.2				
Administered capital	-	-	-	-	-
Australian Naval Infrastructure Pty Ltd - supporting shipbuilding infrastructure	2.2				
Administered capital	nfp	nfp	nfp	nfp	nfp
Public Service Modernisation Fund - transformation and innovation stream (j)	2.2				
Departmental capital	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Total capital measures</b>					
Administered	-	-	-	-	-
Departmental	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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

- (a) The lead entity for measure, *National Disability Insurance Scheme – finalisation of transition arrangements* is the Department of Social Services. The full measure description and package details appear in *Budget Paper No. 2* under the Social Services portfolio.
- (b) The lead entity for measure, *National Disability Insurance Scheme Quality and Safeguards Commission - establishment* is the Department of Social Services. The full measure description and package details appear in *Budget Paper No. 2* under the Social Services portfolio.
- (c) The lead entity for measure, *Bureau of Meteorology – improved security and resilience* is the Bureau of Meteorology. The full measure description and package details appear in *Budget Paper No. 2* under the Environment and Energy portfolio.
- (d) The lead entity for measure, *Immigration Reform – changes to Australia’s visa processing arrangements* is the Department of Immigration and Border Protection. The full measure description and package details appear in *Budget Paper No. 2* under the Immigration and Border Protection portfolio.
- (e) The lead entity for measure, *My Health Record – continuation and expansion* is the Department of Health. The full measure description and package details appear in *Budget Paper No. 2* under the Health portfolio.
- (f) The lead entity for measure, *Veteran Centric Reform* is the Department of Veterans’ Affairs. The full measure description and package details appear in *Budget Paper No. 2* under the Defence portfolio.
- (g) The lead entity for measure, *Delivery of Inland Rail* is the Department of Infrastructure and Regional Development. The full measure description and package details appear in *Budget Paper No. 2* under the Infrastructure and Regional Development portfolio.
- (h) The lead entity for measure, *Delivering Western Sydney Airport* is the Department of Infrastructure and Regional Development. The full measure description and package details appear in *Budget Paper No. 2* under the Infrastructure and Regional Development portfolio.
- (i) Finance will receive funding of \$3.3 million over the forward estimates through the measure, *Public Service Modernisation Fund – agency sustainability*. The full measure description and package details appear in *Budget Paper No. 2* as a cross portfolio measure.
- (j) Finance will receive funding of \$51.5 million (including capital funding of \$10.6 million) over the forward estimates through the measure, *Public Service Modernisation Fund – transformation and innovation stream*. The full measure description and package details appear in *Budget Paper No. 2* as a cross portfolio measure.

## Section 2: Outcomes and planned performance

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

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

**Note:**

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

The most recent corporate plan for Finance can be found at <http://www.finance.gov.au/publications/corporate-plan/2016-17/>.

The most recent annual performance statement can be found at <http://www.finance.gov.au/publications/annual-reports/15-16/performance-statements/>.

## 2. CHANGES TO OUTCOME AND PROGRAM STRUCTURES

**Table 2: Changes to the outcome and program structures since the last portfolio statement**

<b>New Outcome Statement 3</b>	<i>Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.</i>
Description of change:	Change of name to Outcome 3 in Budget 2017-18.
Old Outcome Statement 3:	<i>Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance.</i>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1:** Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.

### Budgeted expenses for Outcome 1

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

**Table 2.1.1: Budgeted expenses for Outcome 1**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 1.1: Budget and Financial Management</b>					
Departmental expenses					
Departmental appropriation (a)					
Budget Advice	52,869	51,137	50,251	50,039	49,821
Financial Reporting	26,643	25,313	24,977	24,911	24,974
Expenses not requiring appropriation in the Budget year (b)					
	4,975	11,355	11,357	11,358	11,360
<b>Departmental total</b>	<b>84,487</b>	<b>87,804</b>	<b>86,585</b>	<b>86,308</b>	<b>86,155</b>
<b>Total expenses for Program 1.1</b>	<b>84,487</b>	<b>87,804</b>	<b>86,585</b>	<b>86,308</b>	<b>86,155</b>
<b>Outcome 1 Totals by appropriation type</b>					
Departmental expenses					
Departmental appropriation (a)					
Expenses not requiring appropriation in the Budget year (b)	79,512	76,449	75,228	74,950	74,795
	4,975	11,355	11,357	11,358	11,360
<b>Departmental total</b>	<b>84,487</b>	<b>87,804</b>	<b>86,585</b>	<b>86,308</b>	<b>86,155</b>
<b>Total expenses for Outcome 1</b>	<b>84,487</b>	<b>87,804</b>	<b>86,585</b>	<b>86,308</b>	<b>86,155</b>
<b>Average staffing level (number)</b>					
	385	368			

(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue receipts'.

(b) 'Expenses not requiring appropriation in the Budget Year' is made up of Depreciation Expenses and Amortisation Expenses.

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



**Table 2.1.2: Performance criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.</b>	
<b>Program 1.1 - Budget and Financial Management</b> This program contributes to the outcome through advising the Finance Minister and Expenditure Review Committee (ERC) on fiscal and economic policies and related matters; supporting the Finance Minister in meeting his financial reporting responsibilities; and supporting the delivery of the Budget.	
<b>Delivery</b>	<u>Budget</u> <ul style="list-style-type: none"> <li>• Providing effective, timely and accurate advice on Budget processes to government entities.</li> <li>• Ensuring the Budget framework effectively supports decision making.</li> <li>• Informing the Finance Minister and ERC on the use of government finances.</li> <li>• Coordinating, preparing and delivering accurate and timely Budget estimates and documentation to the Finance Minister.</li> </ul>
	<u>Financial Management</u> <ul style="list-style-type: none"> <li>• Monitoring and reporting on the government’s cash balances to the government.</li> <li>• Delivering monthly and annual Whole of Australian Government (WoAG) financial statements and Final Budget Outcome (FBO) to the government.</li> <li>• Delivering financial reporting and accounting rules and advice to entities.</li> <li>• Producing appropriation bills and appropriation instruments for the government.</li> <li>• Maintaining the Australian Government Organisations Register.</li> </ul>

Table continues on next page

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

Performance information: Program 1.1 - Budget and Financial Management		
Year	Performance Criteria	Targets
2016-17	<ul style="list-style-type: none"> <li>• Analysis, policy advice and costing information provided to the Finance Minister and ERC as part of the Budget and financial reporting processes meet the expectations of government and relevant stakeholders and support informed decision-making.</li> <li>• The Budget-related updates and the government's financial statements are accurate (taking into account, to the fullest extent possible, all government decisions and other circumstances that may have a material effect), delivered within required timeframes, and meet the government's legislative obligations.</li> <li>• The government's cash requirements are met on a daily basis, ensuring the ongoing operations of government.</li> </ul>	<ul style="list-style-type: none"> <li>• On track - Finance has supported the Budget process through providing advice to the Finance Minister, ERC and entities within the agreed timeframes and consistent with agreed processes and expectations.</li> <li>• On track - Finance has delivered all of the Budget updates so far within the required timeframes. It is not possible to determine the accuracy of Budget estimates at this point as the 2016-17 FBO will not be available until September 2017.</li> <li>• On track – Finance has ensured that the government's daily cash requirements were met on each day so far this financial year.</li> </ul>
2017-18	<p>The government's fiscal targets and policy objectives are supported by Finance providing efficient and effective:</p> <ul style="list-style-type: none"> <li>• advice to the Finance Minister and ERC on fiscal and economic policies and related matters;</li> <li>• support to ensure the Finance Minister financial reporting responsibilities are met; and</li> <li>• support to the delivery of the Budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Advice to entities and the Finance Minister on Budget processes is provided within agreed timeframes and consistent with government-agreed processes and expectations.</li> <li>• Economic and fiscal updates are delivered within timeframes required under the <i>Charter of Budget Honesty Act 1998</i>.</li> <li>• Financial advice and reporting is accurate and provided within agreed timeframes and to specified standards in line with statutory and other requirements.</li> <li>• The government's cash needs are met on a daily basis.</li> <li>• The redeveloped Central Budget Management System delivers a sustainable solution that supports the ongoing Budget and Financial Management requirements of the government.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Budget and Financial Advice, Management and Reporting	

## 2.2 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 2

**Outcome 2:** Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.

### Linked programs

<b>Commonwealth Superannuation Corporation</b>
<p><b>Programs</b></p> <ul style="list-style-type: none"> <li>• Program 1.1 – Superannuation Scheme Governance</li> </ul>
<b>Future Fund Management Agency</b>
<p><b>Programs</b></p> <ul style="list-style-type: none"> <li>• Program 1.1 – Management of the Investment of the Future Fund</li> <li>• Program 1.2 – Management of the Investment of the Australian Government Investment Funds</li> </ul>
<p><b>Contribution to Outcome 2 made by linked programs</b></p> <p>The Department of Finance works with the Commonwealth Superannuation Corporation to ensure that the management of public sector superannuation is consistent with legislative obligations.</p> <p>The Department of Finance works with the Future Fund Management Agency to ensure that the management of the Future Fund and the Australian Government Investment Funds is consistent with legislation and maximises returns to taxpayers.</p>

## Budgeted expenses for Outcome 2

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

**Table 2.2.1: Budgeted expenses for Outcome 2**

**Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 2.1: Public Sector Governance</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Grant in Aid - Australian Institute of Policy and Science	36	37	38	38	39
Grant in Aid - Chifley Research Centre	228	232	238	243	249
Grant in Aid - Green Institute	86	87	89	91	93
Grant in Aid - Menzies Research Centre	228	232	238	243	249
Grant in Aid - Page Research Centre	86	87	89	91	93
Grant in Aid - Royal Humane Society of Australasia	26	27	27	28	29
Grant in Aid - RSPCA Australia Inc	36	37	38	38	39
<b>Administered total</b>	<b>726</b>	<b>740</b>	<b>756</b>	<b>773</b>	<b>792</b>
Departmental expenses					
Departmental appropriation (a)					
Financial Framework	16,081	21,010	20,160	19,483	19,321
Government Shareholder Oversight	3,954	6,151	3,765	3,750	3,766
Special Financial Claims	2,294	2,185	2,176	2,166	2,175
Expenses not requiring appropriation in the Budget year (b)					
<b>Departmental total</b>	<b>23,327</b>	<b>30,554</b>	<b>27,310</b>	<b>26,607</b>	<b>26,471</b>
<b>Total expenses for Program 2.1</b>	<b>24,053</b>	<b>31,294</b>	<b>28,066</b>	<b>27,380</b>	<b>27,263</b>

Table continues on next page

**Table 2.2.1: Budgeted expenses for Outcome 2 (continued)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 2.2: Transforming Government</b>					
Departmental expenses					
Departmental appropriation (a)					
Transforming the Public Sector	31,140	19,973	15,829	12,724	12,721
Expenses not requiring appropriation in the Budget year (b)	714	478	478	478	479
<b>Departmental total</b>	<b>31,855</b>	<b>20,451</b>	<b>16,308</b>	<b>13,203</b>	<b>13,199</b>
<b>Total expenses for Program 2.2</b>	<b>31,855</b>	<b>20,451</b>	<b>16,308</b>	<b>13,203</b>	<b>13,199</b>
<b>Program 2.3: Property and Construction</b>					
Departmental expenses					
Special accounts					
Property Special Account 2014	102,088	134,382	106,163	99,403	98,956
<b>Departmental total</b>	<b>102,088</b>	<b>134,382</b>	<b>106,163</b>	<b>99,403</b>	<b>98,956</b>
<b>Total expenses for Program 2.3</b>	<b>102,088</b>	<b>134,382</b>	<b>106,163</b>	<b>99,403</b>	<b>98,956</b>
<b>Program 2.4: Insurance and Risk Management</b>					
Departmental expenses					
Special accounts					
Comcover Special Account	108,273	150,840	155,307	159,731	164,404
<b>Departmental total</b>	<b>108,273</b>	<b>150,840</b>	<b>155,307</b>	<b>159,731</b>	<b>164,404</b>
<b>Total expenses for Program 2.4</b>	<b>108,273</b>	<b>150,840</b>	<b>155,307</b>	<b>159,731</b>	<b>164,404</b>
<b>Program 2.5: Technology and Procurement Services</b>					
Departmental expenses					
Departmental appropriation (a)					
Digital Transformation Agenda	21,829	34,300	31,949	29,641	17,465
Procurement Framework	13,883	13,965	13,928	13,886	13,926
Special accounts					
Coordinated Procurement Contracting Special Account	170,954	21,579	19,013	17,456	17,624
Expenses not requiring appropriation in the Budget year (b)	2,369	4,142	4,142	4,143	4,143
<b>Departmental total</b>	<b>209,035</b>	<b>73,985</b>	<b>69,032</b>	<b>65,125</b>	<b>53,158</b>
<b>Total expenses for Program 2.5</b>	<b>209,035</b>	<b>73,985</b>	<b>69,032</b>	<b>65,125</b>	<b>53,158</b>
<b>Program 2.6: Service Delivery Office</b>					
Departmental expenses					
Departmental appropriation (a)					
Service Delivery Office	16,167	25,837	25,770	25,697	25,767
Expenses not requiring appropriation in the Budget year (b)	591	975	975	975	975
<b>Departmental total</b>	<b>16,758</b>	<b>26,812</b>	<b>26,745</b>	<b>26,672</b>	<b>26,742</b>
<b>Total expenses for Program 2.6</b>	<b>16,758</b>	<b>26,812</b>	<b>26,745</b>	<b>26,672</b>	<b>26,742</b>

Table continues on next page

**Table 2.2.1: Budgeted expenses for Outcome 2 (continued)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 2.7: Public Sector Superannuation</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Act of Grace	2,294	2,451	1,933	1,898	1,375
Compensation and legal expenses	500	500	500	500	500
Superannuation administration costs	9,924	9,666	9,666	9,666	9,666
Special appropriations					
<i>Federal Circuit Court of Australia Act 1999</i>	927	877	884	894	890
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,500	1,000	1,000	1,000	1,000
<i>Governor-General Act 1974</i>	578	1,013	7,341	1,331	1,314
<i>Judges' Pensions Act 1968</i>	88,757	84,695	89,262	93,731	95,497
<i>Parliamentary Contributory Superannuation Act 1948</i>	40,033	50,968	51,329	50,242	49,955
<i>Parliamentary Superannuation Act 2004</i>	6,912	7,189	7,602	8,429	8,429
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws General Law Reform) Act 2008</i>	44	44	43	43	42
<i>Superannuation Act 1922</i>	18,991	30,248	27,707	25,371	23,213
<i>Superannuation Act 1976</i>	2,430,317	3,403,077	3,364,157	3,323,291	3,278,951
<i>Superannuation Act 1990</i>	6,381,038	4,412,188	4,629,243	4,843,377	5,018,812
<b>Administered total</b>	<b>8,981,815</b>	<b>8,003,916</b>	<b>8,190,667</b>	<b>8,359,773</b>	<b>8,489,644</b>
Departmental expenses					
Departmental appropriation (a)					
Public Sector Superannuation	8,219	4,677	4,659	4,639	4,657
Expenses not requiring appropriation in the Budget year (b)					
<b>Departmental total</b>	<b>8,492</b>	<b>4,939</b>	<b>4,921</b>	<b>4,901</b>	<b>4,919</b>
<b>Total expenses for Program 2.7</b>	<b>8,990,307</b>	<b>8,008,855</b>	<b>8,195,588</b>	<b>8,364,674</b>	<b>8,494,563</b>

Table continues on next page

**Table 2.2.1: Budgeted expenses for Outcome 2 (continued)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 2.8: Australian Government Investment Funds</b>					
Administered expenses					
Special accounts					
DisabilityCare Australia Fund Special Account (c)	345,224	543,430	3,183,536	1,344,891	1,014,136
Medical Research Future Fund Special Account (d)	73,911	150,753	254,292	459,112	728,626
Building Australia Fund Special Account (e)	3,489	1,724	-	-	-
Education Investment Fund Special Account (f)	26,336	3,889	-	-	-
<b>Administered total</b>	<b>448,960</b>	<b>699,796</b>	<b>3,437,828</b>	<b>1,804,003</b>	<b>1,742,762</b>
<b>Total expenses for Program 2.8</b>	<b>448,960</b>	<b>699,796</b>	<b>3,437,828</b>	<b>1,804,003</b>	<b>1,742,762</b>
<b>Outcome 2 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	13,444	13,357	12,855	12,837	12,333
Special appropriations	8,969,097	7,991,299	8,178,568	8,347,709	8,478,103
Special accounts	448,960	699,796	3,437,828	1,804,003	1,742,762
<b>Administered total</b>	<b>9,431,501</b>	<b>8,704,452</b>	<b>11,629,251</b>	<b>10,164,549</b>	<b>10,233,198</b>
Departmental expenses					
Departmental appropriation (a)	113,567	128,097	118,236	111,985	99,798
Special accounts	381,315	306,801	280,482	276,590	280,983
Expenses not requiring appropriation in the Budget year (b)	4,945	7,065	7,066	7,067	7,068
<b>Departmental total</b>	<b>499,828</b>	<b>441,963</b>	<b>405,784</b>	<b>395,642</b>	<b>387,849</b>
<b>Total expenses for Outcome 2</b>	<b>9,931,329</b>	<b>9,146,415</b>	<b>12,035,035</b>	<b>10,560,191</b>	<b>10,621,047</b>

	2016-17	2017-18
<b>Average staffing level (number)</b>	703	669

- (a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue receipts'.
- (b) Expenses not requiring appropriation in the Budget Year' is made up of Depreciation Expenses and Amortisation Expenses.
- (c) More information on the DisabilityCare Australia Fund can be found in Table 2.2.1.1 on page 30.
- (d) More information on the Medical Research Future Fund can be found in Table 2.2.1.2 on page 31.
- (e) The Building Australia Fund is to be closed by 31 December 2017, subject to the passage of legislation. More information can be found in Table 2.2.1.3 on page 32.
- (f) The Education Investment Fund is to be closed by 31 December 2017, subject to the passage of legislation. More information can be found in Table 2.2.1.4 on page 33.

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

**Table 2.2.1.1: DisabilityCare Australia Fund (DCAF) – Estimates of fund balances**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>DisabilityCare Australia Fund (a)</b>					
Opening balance	6,084,040	7,007,811	6,643,721	1,427,207	-
Revenue and gains					
Additional Medicare Levy - Equity	4,162,500	4,002,500	4,182,500	4,387,500	4,627,500
Investment earnings and gains	150,650	152,498	76,373	798	-
Expenses					
Management fees	(4,986)	(5,448)	(2,747)	(24)	-
Transfers to reimburse accounts for DisabilityCare Australia expenditure (b)					
Commonwealth - Equity	(3,044,155)	(3,975,658)	(6,291,852)	(4,470,614)	(3,613,364)
States and Territories					
- Expense	(340,238)	(537,982)	(3,180,788)	(1,344,867)	(1,014,136)
<b>Closing balance</b>	<b>7,007,811</b>	<b>6,643,721</b>	<b>1,427,207</b>	<b>-</b>	<b>-</b>

(a) The DCAF consists of the DCAF Special Account and investments of the DCAF. The investments are managed by the Future Fund Board of Guardians. The special account is used to record all transactions relating to the DCAF, including interest and Medicare Levy proceeds received and payments.

(b) The transfers relate to reimbursing the Commonwealth and the States and Territories for the costs of the operations of the National Disability Insurance Scheme (NDIS).

Note: The expenses figure for 2016-17 does not include losses made on investments; rather this amount has been applied against investment earnings and gains.



**Table 2.2.1.2: Medical Research Future Fund (MRFF) – Estimates of fund balances**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Medical Research</b>					
<b>Future Fund (a)</b>					
Opening balance	3,206,407	4,585,802	6,906,371	9,248,245	17,232,903
Investment credits (b)	1,277,358	2,242,200	2,288,550	7,830,490	2,767,097
Revenue and gains					
Investment earnings and gains	175,948	229,122	307,616	613,280	812,793
Expenses					
Management fees	(13,035)	(29,188)	(39,379)	(72,739)	(85,740)
Transfers to Portfolio Special Accounts for project payments MRFF Health Portfolio Special Account - Expense	(60,876)	(121,565)	(214,913)	(386,373)	(642,886)
<b>Closing balance</b>	<b>4,585,802</b>	<b>6,906,371</b>	<b>9,248,245</b>	<b>17,232,903</b>	<b>20,084,167</b>

- (a) The MRFF consists of the MRFF Special Account and investments of the MRFF. The investments are managed by the Future Fund Board of Guardians. The special account is used to record all transactions relating to the MRFF, including interest received and payments.
- (b) Credits consist of uncommitted funds from the Health and Hospitals Fund (HHF), plus further contributions consisting of amounts equivalent to the estimated value of health function savings published in the 2014-15 Budget adjusted for any subsequent associated government decisions, until the capital value of the MRFF reaches \$20 billion.

Note: The expenses figure for 2016-17 does not include losses made on investments; rather this amount has been applied against investment earnings and gains.

**Table 2.2.1.3: Building Australia Fund (BAF) – Estimates of fund balances**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Building Australia Fund (a)</b>					
Opening balance	3,695,480	3,784,751	-	-	-
Revenue and gains					
Investment earnings and gains	92,760	42,484	-	-	-
Expenses					
Management fees	(3,489)	(1,724)	-	-	-
Transfers to Portfolio Special accounts for project payments (b)					
BAF Infrastructure Portfolio Special Account - Expense	-	-	-	-	-
BAF Infrastructure Portfolio Special Account - Equity	-	(339,000)	-	-	-
Closure: Transfer to Consolidated Revenue Fund - Equity	-	(3,486,511)	-	-	-
<b>Closing balance</b>	<b>3,784,751</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (a) The BAF consists of the BAF Special Account and investments of the BAF. The investments are managed by the Future Fund Board of Guardians. The special account is used to record all transactions relating to the BAF, including interest received and payments. The BAF will continue to pay existing commitments until it is abolished by 31 December 2017 through a repeal of the *Nation-building Funds Act 2008*, and remaining funds will be transferred to the Consolidated Revenue Fund (CRF). After the fund is abolished, committed funds will continue to be paid from the CRF and administered by the Department of Infrastructure and Regional Development. Uncommitted funds will be transferred from the CRF to the National Disability Insurance Scheme Savings Fund Special Account on its establishment.
- (b) The transfers relate to projects approved as at the time of the Budget. Amounts to be paid to the States and Territories may be transferred, through the relevant BAF Portfolio Special Account, to the COAG Reform Fund Special Account. Amounts also include payments classified as equity transfers in the budgeted financial statements.

**Note:** The expenses figure for 2016-17 does not include losses made on investments; rather this amount has been applied against investment earnings and gains.

**Table 2.2.1.4: Education Investment Fund (EIF) – Estimates of fund balances**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Education Investment</b>					
<b>Fund (a)</b>					
Opening balance	3,719,974	3,786,419	-	-	-
Revenue and gains					
Investment earnings and gains	92,781	43,338	-	-	-
Expenses					
Management fees	(3,743)	(1,889)	-	-	-
Transfers to Portfolio Special accounts for project payments (b)					
EIF Education Portfolio Special Account - Expense	(22,593)	(2,000)	-	-	-
Closure: Transfer to Consolidated Consolidated Revenue					
Fund - Equity	-	(3,825,868)	-	-	-
<b>Closing balance</b>	<b>3,786,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (a) The EIF consists of the EIF Special Account and investments of the EIF. The investments are managed by the Future Fund Board of Guardians. The special account is used to record all transactions relating to the EIF, including interest received and payments. The EIF will continue to pay existing commitments until it is abolished by 31 December 2017 through a repeal of the *Nation-building Funds Act 2008*, and remaining funds will be transferred to the Consolidated Revenue Fund (CRF). After the fund is abolished, committed funds will continue to be paid from the CRF and administered by the Department of Education and Training. Uncommitted funds will be transferred from the CRF to the National Disability Insurance Scheme Savings Fund Special Account on its establishment.
- (b) The transfers relate to projects approved as at the time of Budget. Amounts to be paid to the States and Territories may be transferred, through the relevant EIF Portfolio Special Account, to the COAG Reform Fund Special Account. Amounts also include payments classified as equity transfers in the budgeted financial statements.

Note: The expenses figure for 2016-17 does not include losses made on investments; rather this amount has been applied against investment earnings and gains.

**Table 2.2.2: Performance criteria for Outcome 2**

Table 2.2.2 below details the performance criteria for each program associated with Outcome 2. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 2 – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</b></p>	
<p><b>Program 2.1 - Public Sector Governance</b>                  This program contributes to the outcome through developing and maintaining the public sector resource management framework; improving the standard of governance, performance and accountability, and undertaking shareholder oversight of Government Business Enterprises (GBEs) and other commercial entities.</p>	
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Providing advice on policy and implementation issues to the government in relation to the financial and procurement framework, in particular:                         <ul style="list-style-type: none"> <li>– Relevant legislation and rules.</li> <li>– Procurement and Grant policy and related matters.</li> <li>– Developing and managing AusTender.</li> <li>– Act of Grace requests, waiver of debt applications and set off matters.</li> <li>– Guidance material.</li> <li>– Training and communication.</li> </ul> </li> <li>• Undertaking Assurance Reviews of major projects and programs over their lifecycle, to provide assurance to the government regarding delivery and implementation.</li> <li>• Deploying public financial management advisory staff to partner countries as agreed with the governments of these countries, in line with the government's overseas development assistance priorities.</li> <li>• Paying Grants in Aid funding to approved organisations.</li> <li>• Providing advice on strategy, governance, operations, financial forecasts and performance to GBEs and other commercial entities.</li> <li>• Strengthening public sector capability through regular capacity-building activities.</li> </ul>

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

Performance information: Program 2.1 - Public Sector Governance		
Year	Performance Criteria	Targets
2016-17	<p><u>Financial Framework Performance Framework</u></p> <ul style="list-style-type: none"> <li>• Successful integration of the 2015-16 Annual Performance Statement with the 2015-16 Annual Report.</li> <li>• Support entities through the provision of guidance and information to assist them in the delivery of all aspects of the enhanced Commonwealth performance framework.</li> </ul> <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> <li>• Timely and relevant advice on procurement policy matters is provided.</li> </ul> <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> <li>• Commonwealth's GBE Governance and Oversight Guidelines are up-to-date and relevant, and exemplify best practice commercial practices and standards.</li> </ul> <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> <li>• Timely completion of all Act of Grace and waiver of debt requests on receipt of required documentation from relevant parties.</li> <li>• Compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>.</li> </ul>	<p><u>Financial Framework Performance Framework</u></p> <ul style="list-style-type: none"> <li>• On track – 100% of Commonwealth entities, who were required to publish Annual Performance Statements, published Annual Performance Statements in the 2015-16 Annual Report.</li> <li>• Finance will advise in its 2016-17 Annual Performance Statement whether or not Commonwealth entities complied with the performance standards.</li> </ul> <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> <li>• On track – 98% of entity queries to the procurement advice inbox have been responded to within 3 days in 2016-17.</li> <li>• AusTender has been available for 100% of the time during business hours so far in 2016-17.</li> </ul> <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> <li>• On track - Advice has been provided to the government regarding Commonwealth GBEs and other entities, including with respect to Corporate Planning, financial and operational performance and other significant programs of work. Commonwealth GBE Guidelines have been reviewed.</li> </ul> <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> <li>• On track – 77% of Act of Grace and waiver of debt requests have been completed within 60 days and there has been a 100% compliance with the <i>Administrative Decisions (Judicial Review) Act 1977</i> timeframes. There have been no adverse findings by the Commonwealth Ombudsman.</li> </ul>

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

Performance information: Program 2.1 - Public Sector Governance		
Year	Performance Criteria	Targets
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by:</p> <ul style="list-style-type: none"> <li>• developing and maintaining the public sector resource management framework;</li> <li>• fostering improvements to standards of governance, performance and accountability; and</li> <li>• undertaking shareholder oversight of Government Business Enterprises and other commercial entities.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of entities comply with the performance reporting requirements of the PGPA Act.</li> <li>• The independent review of the PGPA Act is undertaken and endorsed.</li> <li>• Advice regarding the strategy, governance, operations and performance of GBEs and other commercial entities is provided to government within agreed timeframes and consistent with agreed processes and expectations.</li> <li>• Completion of 50% of all Act of Grace and waiver of debt requests within 60 days.</li> <li>• 100% compliance of Special Financial Claims with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>.</li> <li>• No adverse findings from the Commonwealth Ombudsman in respect of Special Financial Claims.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purpose</b>	Governance	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<p><b>Outcome 2 – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</b></p>		
<p><b>Program 2.2 - Transforming Government</b>                  This program contributes to the outcome by providing leadership in the development and delivery of reforms and initiatives that support the modernisation of government, and increase public sector productivity.</p>		
<p><b>Delivery</b></p>	<p><u>Transforming the Public Sector</u></p> <ul style="list-style-type: none"> <li>Supporting the government’s transformation agenda through key projects, including the Efficiency through Contestability Program; the Shared and Common Services project; and advising the government on delivering its Smaller Government objectives.</li> <li>Providing advice to the government on the efficient and effective delivery of government activities.</li> <li>Delivering scoping studies to the government and implementing agreed scoping study outcomes.</li> <li>Implementing recommendations from the Independent Review of the Whole of Government Internal Regulations for the government.</li> </ul> <p><u>Improving Whole of Australian Government (WoAG) ICT</u></p> <ul style="list-style-type: none"> <li>Informing ICT investment decisions through the Budget process.</li> <li>Providing appropriate WoAG ICT services, including communications networks and online services to entities.</li> </ul>	
<p><b>Performance information: Program 2.2 - Transforming Government</b></p>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2016-17	<p><u>Transforming Public Sector</u></p> <ul style="list-style-type: none"> <li>Drive the government’s transformation agenda through supporting entities to become more effective and efficient.</li> </ul> <p><u>Improving WoAG ICT</u></p> <ul style="list-style-type: none"> <li>Providing appropriate WoAG ICT services to entities.</li> </ul>	<p><u>Transforming Public Sector</u></p> <p>On track – Finance is driving the government’s transformation agenda as demonstrated by:</p> <ul style="list-style-type: none"> <li>Coordination activities and regular engagement with entities to implement the recommendations of the Belcher Red tape review and other red tape reduction initiatives internal to the government;</li> <li>Over the next four years, approximately 90 per cent of in-scope Average Staffing Levels (ASL), covering at least 65 non-corporate Commonwealth entities have committed to transition to a shared service provider;</li> <li>21 Functional and Efficiency Reviews have been completed. Functional and Efficiency Review outcomes announced as at the 2016-17 Budget have delivered savings of approximately \$2.7 billion, with savings continuing to build over time; and</li> <li>Grant Connect is currently available for agencies to advertise grant opportunities.</li> </ul> <p><u>Improving WoAG ICT</u></p> <ul style="list-style-type: none"> <li>On track – At 1 January 2017, 119 websites were using the GovCMS platform.</li> </ul>

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<b>Performance Information: Program 2.2 - Transforming Government</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2017-18	<p>An efficient and high performing Australian Public Service through better management practices and enhanced public sector productivity is supported by Finance through:</p> <ul style="list-style-type: none"> <li>• providing leadership on APS transformation, including whole-of-government efficiency improvement initiatives, and innovative programs that promote collaboration, and centres of excellence including shared and common services.</li> </ul>	<ul style="list-style-type: none"> <li>• A more efficient and connected public sector delivered through whole-of-government reforms, innovations, and collaboration.</li> <li>• Benefits realised from the Public Service Modernisation Fund, with all projects receiving funding in 2017-18 commencing.</li> <li>• Ten non-corporate entities and 41 grants programs from 5 entities consolidate and standardise corporate services and grant administration service respectively into centres of excellence.</li> <li>• A whole-of-government records management solution is developed and piloted with selected agencies.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Transformation	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<p><b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</p>		
<p><b>Program 2.3 - Property and Construction</b>                  This program contributes to the outcome by providing policy advice, guidance and support on managing Commonwealth property, land and public works across the government; and managing specified major capital works projects and the government’s non-Defence property portfolio within Australia.</p>		
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Providing advice to the government on property management issues such as ownership, construction, divesting and management of residual issues from previous divestments, leasing and acquisition.</li> <li>• Assisting entities to use the Commonwealth Property Management Framework.</li> <li>• Collecting property data for the government on Commonwealth leasing trends and assisting in the disposal of Commonwealth property.</li> <li>• Managing properties within the Finance-managed portfolio for the government through adoption of effective property management systems and processes.</li> <li>• Providing advice and support to the government and entities in relation to the <i>Lands Acquisition Act 1989</i>, the <i>Public Works Committee Act 1969</i>, relevant sections of the <i>Native Title Act 1993</i>, the National Land Ordinance and the Commonwealth Property Disposal Policy.</li> </ul>	
<p><b>Performance information: Program 2.3 – Property and Construction</b></p>		
<p><b>Year</b></p>	<p><b>Performance Criteria</b></p>	<p><b>Targets</b></p>
<p>2016-17</p>	<ul style="list-style-type: none"> <li>• Responsible oversight and management of the Commonwealth’s leased and Finance owned property interests that is informed by evidence-based advice.</li> <li>• Finance-owned properties are maintained to agreed standards and in compliance with relevant safety and environmental legislative requirements.</li> <li>• Property divestment and acquisition, including capital works projects, meet government and legislative requirements.</li> </ul>	
	<ul style="list-style-type: none"> <li>• On track - property data indicates an overall improvement in efficient use of property by entities, especially in reducing vacant space and demonstrates an increase in the number of tenancies achieving the occupational density target.</li> <li>• On track – Finance-owned properties have been maintained in accordance with relevant safety, heritage and environmental requirements and in a condition fit for purpose.</li> <li>• On track – major capital works, divestments and land contamination remediation projects are being delivered within agreed parameters.</li> </ul>	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<b>Performance information: Program 2.3 – Property and Construction</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by:</p> <ul style="list-style-type: none"> <li>• providing policy advice, guidance and support on managing Commonwealth property, land, including acquisitions and divestment across the government; and</li> <li>• managing specified major public works projects and the government’s non-Defence property portfolio within Australia.</li> </ul>	<ul style="list-style-type: none"> <li>• Property data information collected from qualifying entities is fit for purpose, targeted and continues to inform and support the government’s property efficiency objectives.</li> <li>• WoAG property data supports improved efficiencies in Commonwealth projects and property management.</li> <li>• WoAG purchasing arrangements for property services achieve efficiencies with consistent service standards and pricing for entities.</li> <li>• Divestment activities are completed within expected budgets and timeframes and residual issues are minimised and managed to protect the Commonwealth’s interests.</li> <li>• Major capital works projects and major land contamination remediation projects are completed in close consultation with</li> </ul>
2017-18	<ul style="list-style-type: none"> <li>• Client entities and within the time, cost and quality parameters agreed by the government.</li> </ul>	
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Governance, Transformation and Services	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.		
<b>Program 2.4 – Insurance and Risk Management</b> This program contributes to the outcome by providing general insurance services and promoting risk management across the government through the Comcover Special Account.		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Providing a self-managed insurance fund (Comcover) to protect Commonwealth entities against the impact and volatility of insurable losses.</li> <li>• Providing a consistent whole-of-government approach to managing legal liability claims against Commonwealth entities.</li> <li>• Providing risk management and education services to entities to support best practice risk management across the government.</li> </ul>	
<b>Performance information: Program 2.4 – Insurance and Risk Management</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>• Improved risk management capability of Commonwealth entities supporting the proper use and management of public resources through participation in risk capability and education programs.</li> </ul>	<ul style="list-style-type: none"> <li>• On track – Since 1 July a number of entities have participated in Comcover's education program.</li> </ul>
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by:</p> <ul style="list-style-type: none"> <li>• providing general insurance services; and</li> <li>• promoting risk management across the government.</li> </ul>	<ul style="list-style-type: none"> <li>• 4 risk management and education programs will be delivered by 30 June 2018.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Services	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<p><b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</p>		
<p><b>Program 2.5 – Technology and Procurement Services</b>                  This program contributes to the outcome through providing timely and relevant procurement policy advice; providing advice to the government on advertising; establishing and maintaining WoAG procurement arrangements for common goods and services; and establishing, developing and maintaining whole of government and cross-entity ICT infrastructure, platforms, systems and services.</p>		
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Developing and managing WoAG procurement arrangements for entities.</li> <li>• Providing assistance and advice to Commonwealth entities on the process of developing government advertising campaigns.</li> </ul>	
<p><b>Performance information: Program 2.5 – Technology and Procurement Services</b></p>		
Year	Performance Criteria	Targets
2016-17	<ul style="list-style-type: none"> <li>• WoAG arrangements are well managed.</li> <li>• Government advertising is conducted in accordance with government advertising policies.</li> </ul>	<ul style="list-style-type: none"> <li>• On track – Finance has progressed scoping studies and tender processes in accordance with the agreed timeframes and Budget WoAG procurement arrangement contracts are being managed in accordance with contract management plans.</li> <li>• On track – All government advertising campaigns over the applicable threshold (with a total estimated cost of \$250,000) have been reviewed by the Independent Communications Committee for compliance with the Government’s Guidelines on Information and Advertising Campaigns by non-corporate entities and no compliance issues were identified. All of the campaigns were also certified by the relevant Accountable Authority as being compliant with the government’s advertising Guidelines.</li> </ul>

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

Performance information: Program 2.5 – Technology and Procurement Services		
Year	Performance Criteria	Targets
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by:</p> <ul style="list-style-type: none"> <li>• providing timely and relevant procurement policy advice;</li> <li>• providing advice to the government on advertising;</li> <li>• establishing and maintaining WoAG procurement arrangements for common goods and services; and</li> <li>• establishing developing and maintaining whole-of-government and cross-entity ICT infrastructure, platforms, systems and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Government communications networks, online systems and ICT infrastructure are developed and delivered to maximise the benefit for consuming entities and to address existing and emerging WoAG needs.</li> <li>• WoAG procurement arrangements meet Special Account requirements, deliver net savings to Commonwealth entities, and generate sufficient income to cover administrative expenses.</li> <li>• 80% of entity queries to the procurement advice inbox responded to within 3 days.</li> <li>• AusTender is available 99% of the time during business hours (ACT local time). As at 1 January 2017, 119 websites were using the GovCMS platform.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Services	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.		
<b>Program 2.6 – Service Delivery Office</b> This program contributes to the outcome through providing certain corporate services to client Australian Government entities.		
<b>Delivery</b>	Providing the following services to client Australian Government entities: <ul style="list-style-type: none"> <li>• Accounts payable and receivable</li> <li>• Credit Card Management.</li> <li>• Domestic Travel Contract Management and Overseas Travel Facilitation.</li> <li>• Payroll and payroll systems administration.</li> <li>• ICT functions supporting the SAP Enterprise Resource Planning (ERP) Solution.</li> </ul>	
<b>Performance information: Program 2.6 – Service Delivery</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>• The Service Delivery Office is transitioned to Finance.</li> </ul>	<ul style="list-style-type: none"> <li>• On track – The business continuity of the service delivery was maintained. The invoices and salaries were paid as per business as usual.</li> </ul>
2017-18	<ul style="list-style-type: none"> <li>• An efficient and high performing APS with improved productivity and better management practices is supported by Finance by delivering agreed corporate services to client entities.</li> </ul>	<ul style="list-style-type: none"> <li>• All services agreed for delivery between Finance and client entities delivered in accordance with agreed service standards.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Services	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<p><b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</p>		
<p><b>Program 2.7 – Public Sector Superannuation</b>                  This program contributes to the outcome through advising the government on managing the Future Fund, the stability of the government’s unfunded superannuation liabilities and its associated administered expense items and superannuation arrangements for government employees.                  This includes the administration and management of superannuation arrangements for parliamentarians, as well as current and former Governors-General, Federal Judges and Federal Circuit Court Judges.</p>		
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Providing policy advice and analysis for the government and administering the superannuation arrangements for government employees, parliamentarians, current and former Governors-General, Federal Judges and Federal Circuit Court Judges.</li> <li>• Providing policy advice to the government on its unfunded superannuation liability and associated administered expenses.</li> <li>• Providing policy advice to the government on the Future Fund, including the investment mandate and other governance matters.</li> </ul>	
<p><b>Performance information: Program 2.7 – Public Sector Superannuation</b></p>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>• High quality and timely advice, analysis and support is provided to the government on public sector superannuation policy, investment fund policy and governance matters.</li> <li>• Benefit payments are accurate, paid in accordance with scheme timeframes and superannuation statements are issued in accordance with prescribed timeframes.</li> </ul>	<ul style="list-style-type: none"> <li>• On track – Finance has supported the government with advice regarding public sector superannuation policy and governance matters.</li> <li>• On track – Over 99% of scheme statements and payments were made within prescribed time frames.</li> </ul>
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by:</p> <ul style="list-style-type: none"> <li>• providing advice to the government regarding the management of the Future Fund, the stability of the government’s unfunded superannuation liabilities and its associated administered expense items and superannuation arrangements for government employees; and</li> <li>• administering and managing the superannuation arrangements for parliamentarians, as well as current and former Governors-General, Federal Judges and Federal Circuit Court Judges.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy advice analysis and administration is provided within agreed timeframes and consistent with government-agreed processes and expectations.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Governance and Services	

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**Table 2.2.2: Performance criteria for Outcome 2 (continued)**

<p><b>Outcome 2</b> – Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.</p>		
<p><b>Program 2.8 – Australian Government Investment Funds</b>                  This program contributes to the outcome through providing advice on investment mandates and governance arrangements for the government’s Investment Funds, to maximise the value of the funds to the government. This includes advice on credit of amounts to the Funds and debits for payments from the Funds. The Funds are:</p> <ul style="list-style-type: none"> <li>• DisabilityCare Australia Fund (DCAF).</li> <li>• Medical Research Future Fund (MRFF).</li> <li>• Building Australia Fund (BAF).</li> <li>• Education Investment Fund (EIF).</li> </ul> <p>The BAF and EIF will be closed, subject to the passage of legislation.</p>		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Providing advice to the government on the Australian Government Investment Funds, including investment mandates, governance matters, credits to and payments from the Funds.</li> </ul>	
<p><b>Performance information: Program 2.8 – Australian Government Investment Funds</b></p>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>• High quality and timely advice and analysis is provided to the government on the Australian Government Investment Funds.</li> </ul>	<ul style="list-style-type: none"> <li>• On track – Finance has supported the government with advice regarding investment fund policy and governance matters.</li> </ul>
2017-18	<p>An efficient and high performing APS with improved productivity and better management practices is supported by Finance by providing advice on investment mandates and governance arrangements for the Government’s Investment Funds including:</p> <ul style="list-style-type: none"> <li>○ DisabilityCare Australia Fund</li> <li>○ Medical Research Future Fund</li> <li>○ Building Australia Fund</li> <li>○ Education Investment Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy advice and analysis is provided within agreed timeframes and consistent with government-agreed processes and expectations.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Governance	



## 2.3 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 3

**Outcome 3:** Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.

### Budgeted expenses for Outcome 3

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

**Table 2.3.1: Budgeted expenses for Outcome 3**

**Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 3.1: Ministerial and Parliamentary Services</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Electorate and ministerial support costs	279,821	261,493	266,722	270,134	270,626
Australian Political Exchange Program	902	914	927	941	955
Australian Political Parties for Democracy Program	2,200	2,200	2,200	2,200	2,200
Special appropriations					
<i>Commonwealth of Australia     Constitution Act (s66) (a)</i>	5,030	4,998	4,998	4,998	4,998
<i>Parliamentary Retirement Travel     Act 2002</i>	800	-	-	-	-
<i>Parliamentary Entitlements Act     1990</i>	177,607	153,700	154,330	156,128	158,307
Expenses not requiring appropriation in the Budget year (b)	5,408	5,402	5,402	5,401	5,398
<b>Administered total</b>	<b>471,768</b>	<b>428,707</b>	<b>434,579</b>	<b>439,802</b>	<b>442,484</b>
Departmental expenses					
Departmental appropriation (c)					
Services to Senators, Members and their staff	39,976	30,017	29,418	29,301	29,410
Car-with-driver and associated transport services	680	668	665	662	665
Expenses not requiring appropriation in the Budget year (b)	3,668	2,077	2,077	2,077	2,078
<b>Departmental total</b>	<b>44,324</b>	<b>32,761</b>	<b>32,160</b>	<b>32,040</b>	<b>32,152</b>
<b>Total expenses for Program 3.1</b>	<b>516,092</b>	<b>461,468</b>	<b>466,739</b>	<b>471,842</b>	<b>474,636</b>

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**Table 2.3.1: Budgeted expenses for Outcome 3 (continued)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Outcome 3 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	282,923	264,607	269,849	273,275	273,781
Special appropriations	183,437	158,698	159,328	161,126	163,305
Expenses not requiring appropriation in the Budget year (b)	5,408	5,402	5,402	5,401	5,398
<b>Administered total</b>	<b>471,768</b>	<b>428,707</b>	<b>434,579</b>	<b>439,802</b>	<b>442,484</b>
Departmental expenses					
Departmental appropriation (c)	40,656	30,685	30,083	29,963	30,075
Expenses not requiring appropriation in the Budget year (b)	3,668	2,077	2,077	2,077	2,078
<b>Departmental total</b>	<b>44,324</b>	<b>32,761</b>	<b>32,160</b>	<b>32,040</b>	<b>32,152</b>
<b>Total expenses for Outcome 3</b>	<b>516,092</b>	<b>461,468</b>	<b>466,739</b>	<b>471,842</b>	<b>474,636</b>

	2016-17	2017-18
<b>Average staffing level (number)</b>	<b>230</b>	<b>220</b>

(a) Estimates for this item are subject to the *Ministers of State Regulation 2012*.

(b) 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expenses.

(c) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 retained revenue receipts'.

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

**Table 2.3.2: Planned performance for Outcome 3**

Table 2.3.2 below details the performance criteria for each program associated with Outcome 3. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 3 – Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, work expenses and allowances, entitlements and targeted programs.</b></p>		
<p><b>Program 3.1 – Ministerial and Parliamentary Services</b>                  This program contributes to the outcome through the provision of advice on, access to and payment of parliamentary, and post-parliamentary, work expenses, allowances and entitlements and targeted programs.</p>		
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Providing advice and support to clients and stakeholders.</li> <li>• Paying accounts relating to work expenses, allowances and entitlements.</li> <li>• Managing and maintaining the <i>Members of Parliament (Staff) Act 1984</i> employment framework.</li> <li>• Providing client and event transport (car-with-driver) and associated ground transport services to eligible recipients.</li> <li>• Managing Commonwealth Parliament Offices and the ministerial wing of Parliament House.</li> <li>• Managing the Australian Political Exchange Program and the Australian Political Parties for Democracy Program.</li> <li>• Providing property and office facilities management.</li> </ul>	
<p><b>Performance information: Program 3.1 – Ministerial and Parliamentary Services</b></p>		
Year	Performance Criteria	Targets
<p>2016-17</p>	<ul style="list-style-type: none"> <li>• Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards.</li> <li>• COMCAR will continue to ensure sufficient driving, fleet, technical and administrative resources are available to ensure that 99% of COMCAR reservations are completed without service failure.</li> <li>• Establish a project team to manage the implementation of recommendations from the Independent Parliamentary Entitlements System Review.</li> </ul>	
		<ul style="list-style-type: none"> <li>• Underway – as at 31 March 2017:                             <ul style="list-style-type: none"> <li>• 96.85% of client contacts were acknowledged within 24 hours and responded to within agreed timeframes.</li> <li>• 100% of office establishment and relocation projects were delivered within their approved budget.</li> <li>• 100% of Monthly Management Reports were distributed by the 15<sup>th</sup> of each month.</li> <li>• 92.16% of payments (including payroll) were made within agreed timeframes.</li> </ul> </li> <li>• On track – 99.6% of COMCAR reservations have been completed without service failure.</li> <li>• On track – An Implementation Working Group has been established, three recommendations have been implemented, and Finance is working together with the Remuneration Tribunal and the Department of the Prime Minister and Cabinet to implement the remaining Review Committee's recommendations.</li> </ul>

Table continues on next page

**Table 2.3.2: Performance criteria for Outcome 3 (continued)**

<b>Performance information: Program 3.1 – Ministerial and Parliamentary Services</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2017-18	<p>Parliamentarians, and others as required by the Australian Government, are supported by Finance by:</p> <ul style="list-style-type: none"> <li>• providing policy advice to government on parliamentary work expenses and post-parliamentary entitlements;</li> <li>• providing advice on access to, and payment of, parliamentary work expenses and post-parliamentary entitlements to eligible recipients; and</li> <li>• providing targeted assistance to eligible recipients as required.</li> </ul>	<ul style="list-style-type: none"> <li>• 95% of client contacts acknowledged within 24 hours and responded to within agreed timeframes.</li> <li>• 95% of payments (including payroll) will be made within agreed timeframes.</li> <li>• 100% of office establishment and relocation projects will be delivered within their approved budget.</li> <li>• 100% of Monthly Management Reports are being distributed by the 15th of each month.</li> <li>• 99% of COMCAR reservations will be completed without service failure.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• All criteria for 2017-18 to apply.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	Services	

## Section 3: Budgeted financial statements

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

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

No material differences exist between entity resourcing and the financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

##### **Budgeted Statement of Comprehensive Income – Departmental**

###### **2016-17**

Finance is forecasting expenses of \$605.7 million in 2016-17, a decrease from the \$640.1 million forecast in the 2016-17 Portfolio Additional Estimates Statements (PAES). This change is primarily due to revisions of special account estimates.

Finance is forecasting total own source income of \$436.5 million, an increase from the \$390.8 million forecast in the 2016-17 PAES. This is primarily due to revisions of special account estimates.

###### **2017-18**

Finance is budgeting for a surplus of \$47.1 million, an increase from the \$31.0 million forecast in the 2016-17 PAES. This is primarily due to a revision of special account estimates and the impact of Machinery of Government changes.

##### **Budgeted Balance Sheet – Departmental**

The budgeted net asset position as at 30 June 2018 of \$2,250.6 million represents an increase from the \$2,161.3 million forecast in the 2016-17 PAES. This is primarily due to a revision in special account estimates.

##### **Budgeted Schedule of Comprehensive Income – Administered**

###### **2016-17**

Estimated administered income for 2016-17 has increased slightly to \$1,826.2 million from the \$1,798.5 million reported in the 2016-17 PAES. This is primarily due to revisions in estimates for the Australian Government Investment Funds.

Estimated administered expenses for 2016-17 has decreased to \$9,903.3 million from the \$10,048.4 million reported in the 2016-17 PAES. This is primarily due to revisions in estimates on the Australian Government Investment Funds.

## **2017-18**

Finance is budgeting for administered income of \$1,718.2 million in 2017-18, a decrease from the \$1,741.5 million budgeted for in the 2016-17 PAES. This is primarily due to revisions in estimates for superannuation and the Australian Government Investment Funds.

Finance is budgeting for administered expenses of \$9,133.2 million in 2017-18, a decrease from the \$9,313.8 million budgeted for in the 2016-17 PAES. This is primarily due to a Machinery of Government changes, and revisions to estimates for superannuation and the Australian Government Investment Funds.

### **Budgeted Schedule of Assets and Liabilities – Administered**

Administered assets are budgeted to total \$14,733.2 million by 30 June 2018, an increase from the \$14,178.0 million estimated in the 2016-17 PAES, due primarily to revisions in estimates for the Australian Government Investment Funds.

Administered liabilities are estimated to total \$114,311.1 million by 30 June 2018, a small increase from \$114,273.2 million estimated in the 2016-17 PAES, due primarily to revisions in superannuation estimates.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	175,148	163,910	163,994	163,521	163,521
Suppliers	301,406	163,981	161,131	151,099	139,244
Depreciation and amortisation (a)	24,082	32,041	32,127	32,506	32,916
Losses from asset sales (b)	-	-	732	-	-
Write-down and impairment of assets	2,300	16,729	11,896	8,709	7,690
Insurance claims	94,013	136,594	140,959	145,349	149,879
Other expenses	8,767	8,767	8,767	8,767	8,767
<b>Total expenses</b>	<b>605,716</b>	<b>522,022</b>	<b>519,606</b>	<b>509,951</b>	<b>502,017</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Rendering of services	197,708	62,448	55,072	54,912	54,742
Insurance premiums	141,115	142,441	147,226	151,233	155,232
Rental income	71,514	79,332	80,206	82,225	84,296
Other	5,977	6,888	8,265	8,265	6,888
<b>Total own-source revenue</b>	<b>416,314</b>	<b>291,109</b>	<b>290,769</b>	<b>296,635</b>	<b>301,158</b>
<b>Gains</b>					
Gains on valuation of investment property	17,278	-	8,078	10,794	12,098
Net gains from asset sales (b)	1,536	20,591	-	-	-
Other (c)	1,374	1,385	1,385	1,385	1,385
<b>Total gains</b>	<b>20,188</b>	<b>21,976</b>	<b>9,463</b>	<b>12,179</b>	<b>13,483</b>
<b>Total own-source income</b>	<b>436,502</b>	<b>313,085</b>	<b>300,232</b>	<b>308,814</b>	<b>314,641</b>
<b>Net (cost of)/contribution by services</b>	<b>(169,214)</b>	<b>(208,937)</b>	<b>(219,374)</b>	<b>(201,137)</b>	<b>(187,376)</b>
Revenue from Government	276,524	256,930	248,628	244,201	233,363
<b>Surplus/(deficit) before income tax</b>	<b>107,310</b>	<b>47,993</b>	<b>29,254</b>	<b>43,064</b>	<b>45,987</b>
Income tax expense	893	887	887	887	887
<b>Surplus/(deficit) after income tax</b>	<b>106,417</b>	<b>47,106</b>	<b>28,367</b>	<b>42,177</b>	<b>45,100</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>106,417</b>	<b>47,106</b>	<b>28,367</b>	<b>42,177</b>	<b>45,100</b>

Table continues on next page

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

**Note: Impact of net cash appropriation arrangements**

	2016-17	2017-18	2018-19	2019-20	2020-21
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	<b>116,413</b>	<b>67,757</b>	<b>48,892</b>	<b>62,995</b>	<b>65,949</b>
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	9,996	20,651	20,525	20,818	20,849
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>106,417</b>	<b>47,106</b>	<b>28,367</b>	<b>42,177</b>	<b>45,100</b>

Prepared on Australian Accounting Standards basis.

- (a) Depreciation and Amortisation Expenses highlighted under 'Expenses' represents total depreciation and amortisation expenses for Finance. The 'non appropriated' depreciation and amortisation figure at the bottom of this table is net of Depreciation Expenses associated with Finance's property portfolio and wholly contained within the Property Special Account 2014.
- (b) Represents the net gain/loss from the government's non-Defence Property Divestment Program within Australia.
- (c) Other gains represent resources received free of charge for financial statement audit services from the Australian National Audit Office.



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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents (a)	5,000	5,000	5,000	5,000	5,000
Trade and other receivables (b)	925,674	933,424	912,614	935,788	960,704
Other financial assets	33,861	33,861	33,861	33,861	33,861
<b>Total financial assets</b>	<b>964,535</b>	<b>972,285</b>	<b>951,475</b>	<b>974,649</b>	<b>999,565</b>
<b>Non-financial assets</b>					
Land and buildings (c)	1,144,226	1,107,906	1,087,106	1,066,488	1,046,317
Property, plant and equipment	82,628	111,566	133,765	146,060	157,789
Investment property (c)	647,594	648,958	657,036	667,830	679,928
Intangibles	104,276	111,191	115,667	116,829	116,825
Other non-financial assets	11,274	11,274	11,274	11,274	11,274
<b>Total non-financial assets</b>	<b>1,989,998</b>	<b>1,990,895</b>	<b>2,004,848</b>	<b>2,008,481</b>	<b>2,012,133</b>
<b>Total assets</b>	<b>2,954,533</b>	<b>2,963,180</b>	<b>2,956,323</b>	<b>2,983,130</b>	<b>3,011,698</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	99,720	106,268	112,816	119,364	125,912
Unearned Revenue	85,945	85,945	85,945	85,945	85,945
Return of equity	65,323	65,323	65,323	65,323	65,323
Other payables	12,714	13,481	14,248	15,015	15,782
<b>Total payables</b>	<b>263,702</b>	<b>271,017</b>	<b>278,332</b>	<b>285,647</b>	<b>292,962</b>
<b>Provisions</b>					
Employee provisions	65,301	67,733	70,165	72,597	75,029
Outstanding insurance claims	352,587	352,587	352,587	352,587	352,587
Other provisions	21,274	21,274	21,274	21,274	21,274
<b>Total provisions</b>	<b>439,162</b>	<b>441,594</b>	<b>444,026</b>	<b>446,458</b>	<b>448,890</b>
<b>Total liabilities</b>	<b>702,864</b>	<b>712,611</b>	<b>722,358</b>	<b>732,105</b>	<b>741,852</b>
<b>Net assets</b>	<b>2,251,669</b>	<b>2,250,569</b>	<b>2,233,965</b>	<b>2,251,025</b>	<b>2,269,846</b>
<b>EQUITY*</b>					
Contributed equity	1,695,121	1,704,354	1,704,604	1,714,468	1,723,170
Reserves	177,262	177,262	177,262	177,262	177,262
Retained surplus (accumulated deficit)	379,286	368,953	352,099	359,295	369,414
<b>Total equity</b>	<b>2,251,669</b>	<b>2,250,569</b>	<b>2,233,965</b>	<b>2,251,025</b>	<b>2,269,846</b>

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

Prepared on Australian Accounting Standards basis.

- (a) The departmental cash balance is maintained at \$5m. Cash in excess of this balance is returned to the Office of Public Account (OPA), recorded as a receivable and drawn down as required.
- (b) Primarily represents appropriation receivable (including capital appropriation) and the special accounts.
- (c) Primarily represents properties in the Australian Government's non-Defence property portfolio.

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

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2017</b>				
Balance carried forward from previous period	379,286	177,262	1,695,121	2,251,669
<b>Adjusted opening balance</b>	<b>379,286</b>	<b>177,262</b>	<b>1,695,121</b>	<b>2,251,669</b>
Surplus/(deficit) for the period	47,106	-	-	47,106
<b>Total comprehensive income</b>	<b>47,106</b>	<b>-</b>	<b>-</b>	<b>47,106</b>
<b>Transactions with owners</b>				
<b>Distributions to owners</b>				
Returns on capital:				
Returns of contributed equity	(48,827)	-	-	(48,827)
<b>Contributions by owners</b>				
Equity injection - Appropriation (a)	-	-	24,202	24,202
Departmental capital budget (DCB)	-	-	6,480	6,480
Restructuring (b)	-	-	(30,061)	(30,061)
<b>Sub-total transactions with owners</b>	<b>(48,827)</b>	<b>-</b>	<b>621</b>	<b>(48,206)</b>
<b>Estimated closing balance as at 30 June 2018</b>	<b>377,565</b>	<b>177,262</b>	<b>1,695,742</b>	<b>2,250,569</b>
<b>Closing balance attributable to the Australian Government</b>	<b>377,565</b>	<b>177,262</b>	<b>1,695,742</b>	<b>2,250,569</b>

Prepared on Australian Accounting Standards basis.

(a) Equity injections for construction and ICT projects.

(b) Represents transfers of assets and liabilities to other Commonwealth entities.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Rendering of services	269,494	142,052	135,550	137,409	139,310
Appropriations	368,734	248,908	269,166	220,755	208,175
Insurance premiums	141,115	142,441	147,226	151,233	155,232
Other	5,977	6,888	8,265	8,265	6,888
<b>Total cash received</b>	<b>785,320</b>	<b>540,289</b>	<b>560,207</b>	<b>517,662</b>	<b>509,605</b>
<b>Cash used</b>					
Employees	172,716	161,478	161,562	161,089	161,089
Suppliers	293,484	156,048	153,198	143,166	131,311
Insurance claims	94,013	136,594	140,959	145,349	149,879
s74 Retained revenue receipts transferred to OPA	79,652	97,439	45,221	34,981	34,981
Other	12,470	41,447	9,619	8,887	8,887
<b>Total cash used</b>	<b>652,335</b>	<b>593,006</b>	<b>510,559</b>	<b>493,472</b>	<b>486,147</b>
<b>Net cash from/(used by) operating activities</b>	<b>132,985</b>	<b>(52,717)</b>	<b>49,648</b>	<b>24,190</b>	<b>23,458</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	19,516	57,028	900	-	-
<b>Total cash received</b>	<b>19,516</b>	<b>57,028</b>	<b>900</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Construction/Purchase of land and buildings	83,741	25,953	21,331	162	-
Construction/Purchase of property, plant and equipment	61,911	41,377	34,638	24,734	24,167
Construction/Purchase of intangibles	36,051	10,011	7,951	7,966	7,993
Construction/Purchase of investment properties	3,879	1,364	-	-	-
Other	43,500	4,900	4,522	1,192	-
<b>Total cash used</b>	<b>229,082</b>	<b>83,605</b>	<b>68,441</b>	<b>34,054</b>	<b>32,160</b>
<b>Net cash from/(used by) investing activities</b>	<b>(209,566)</b>	<b>(26,577)</b>	<b>(67,541)</b>	<b>(34,054)</b>	<b>(32,160)</b>

Table continues on next page.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	78,261	79,294	17,893	9,864	8,702
<b>Total cash received</b>	<b>78,261</b>	<b>79,294</b>	<b>17,893</b>	<b>9,864</b>	<b>8,702</b>
<b>Net cash from/(used by) financing activities</b>	<b>78,261</b>	<b>79,294</b>	<b>17,893</b>	<b>9,864</b>	<b>8,702</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	3,320	5,000	5,000	5,000	5,000
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	-	6,480	6,473	6,489	6,519
Equity injections - Bill 2	69,808	64,202	11,422	3,375	2,183
<b>Total new capital appropriations</b>	<b>69,808</b>	<b>70,682</b>	<b>17,895</b>	<b>9,864</b>	<b>8,702</b>
<b>Provided for:</b>					
<i>Purchase of non-financial assets</i>	69,808	30,682	17,895	9,864	8,702
<i>Other Items</i>	-	40,000	-	-	-
<b>Total items</b>	<b>69,808</b>	<b>70,682</b>	<b>17,895</b>	<b>9,864</b>	<b>8,702</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB	-	6,480	6,472	6,489	6,519
Funded by equity injections	126,342	45,875	36,995	3,537	2,183
Funded internally from departmental resources (a)	59,240	31,250	24,975	24,028	23,458
<b>TOTAL</b>	<b>185,582</b>	<b>83,605</b>	<b>68,442</b>	<b>34,054</b>	<b>32,160</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total asset additions	185,582	83,605	68,442	34,054	32,160
<b>Total cash used to acquire assets</b>	<b>185,582</b>	<b>83,605</b>	<b>68,442</b>	<b>34,054</b>	<b>32,160</b>

Prepared on Australian Accounting Standards basis.

(a) Includes the following sources of funding:

- Current and prior year annual appropriation,
- Funds held in special accounts.

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

	Land	Buildings	Other property, plant and equipment	Investment property	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2017</b>						
Gross book value	413,298	743,460	102,485	647,594	159,211	2,066,048
Accumulated depreciation/ amortisation and impairment	-	(12,532)	(19,857)	-	(54,935)	(87,324)
<b>Opening net book balance</b>	<b>413,298</b>	<b>730,928</b>	<b>82,628</b>	<b>647,594</b>	<b>104,276</b>	<b>1,978,724</b>
<b>Capital asset additions</b>						
<b>Estimated expenditure on new or replacement assets</b>						
By purchase/construction- appropriation equity (a)	-	25,953	9,422	1,364	9,136	45,875
By purchase/construction - appropriation ordinary annual services (b)	-	-	705	-	5,775	6,480
By purchase - internally funded	-	-	31,250	-	-	31,250
<b>Total additions</b>	<b>-</b>	<b>25,953</b>	<b>41,377</b>	<b>1,364</b>	<b>14,911</b>	<b>83,605</b>
<b>Other movements</b>						
Depreciation/amortisation expense	-	(11,606)	(12,439)	-	(7,996)	(32,041)
Disposals (c)	-	(33,938)	-	-	-	(33,938)
Gains	-	(16,729)	-	-	-	(16,729)
<b>Total other movements</b>	<b>-</b>	<b>(62,273)</b>	<b>(12,439)</b>	<b>-</b>	<b>(7,996)</b>	<b>(82,708)</b>
<b>As at 30 June 2018</b>						
Gross book value	413,298	718,746	143,862	648,958	174,122	2,098,986
Accumulated depreciation/ amortisation and impairment	-	(24,138)	(32,296)	-	(62,931)	(119,365)
<b>Closing net book balance</b>	<b>413,298</b>	<b>694,608</b>	<b>111,566</b>	<b>648,958</b>	<b>111,191</b>	<b>1,979,621</b>

Prepared on Australian Accounting Standards basis.

- (a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2016-17.
- (b) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for DCB and other operational expenses.
- (c) Net proceeds may be returned to the OPA.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	253,421	258,906	263,615	266,416	266,416
Suppliers	230,632	194,821	199,858	232,923	248,582
Superannuation (a)	8,967,553	7,990,255	8,177,524	8,346,666	8,477,061
Distributions from the Investment Funds (b)	423,707	661,547	3,395,701	1,731,240	1,657,022
Grants	2,927	2,941	2,958	2,974	2,994
Depreciation and amortisation	20,691	20,691	20,691	20,691	20,691
Write-down and impairment of assets	2	2	2	2	2
Other expenses	4,338	3,995	3,476	3,441	2,917
<b>Total expenses administered on behalf of Government</b>	<b>9,903,271</b>	<b>9,133,158</b>	<b>12,063,825</b>	<b>10,604,353</b>	<b>10,675,685</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Rendering of services	3,775	3,839	3,904	3,904	3,904
Interest and dividends (c)	408,125	445,122	371,583	578,441	757,125
Superannuation contributions (d)	1,258,824	1,203,510	1,148,607	1,109,747	1,059,283
Other revenue	17,636	14,831	9,636	9,636	9,636
<b>Total non-taxation revenue</b>	<b>1,688,360</b>	<b>1,667,302</b>	<b>1,533,730</b>	<b>1,701,728</b>	<b>1,829,948</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>1,688,360</b>	<b>1,667,302</b>	<b>1,533,730</b>	<b>1,701,728</b>	<b>1,829,948</b>
<b>Gains</b>					
Gain on sale of investments	133,531	46,543	38,197	61,205	81,079
Other gains	4,335	4,335	4,335	4,335	4,335
<b>Total gains administered on behalf of Government</b>	<b>137,866</b>	<b>50,878</b>	<b>42,532</b>	<b>65,540</b>	<b>85,414</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>1,826,226</b>	<b>1,718,180</b>	<b>1,576,262</b>	<b>1,767,268</b>	<b>1,915,362</b>
<b>Net (cost of)/contribution by services</b>	<b>(8,077,045)</b>	<b>(7,414,978)</b>	<b>(10,487,563)</b>	<b>(8,837,085)</b>	<b>(8,760,323)</b>
<b>Total comprehensive income/(loss)</b>	<b>(8,077,045)</b>	<b>(7,414,978)</b>	<b>(10,487,563)</b>	<b>(8,837,085)</b>	<b>(8,760,323)</b>

Prepared on Australian Accounting Standards basis.

- (a) The 2016-17 estimate is calculated using the discount rate based on the long-term government bond rate at the commencement of the financial year in accordance with accounting standards. Budget and forward years are calculated using the discount rate applied in preparing the long-term cost reports.
- (b) Represents estimates of expenses to be transferred from the Australian Government Investment Funds. This item does not include equity payments. For more detail on each fund, refer to Tables 2.2.1.1-4.
- (c) Estimates of interest include interest earnings for the Australian Government Investment Funds. Dividend revenue represents revenue from corporate Commonwealth entities which are treated as administered receipts of the department.
- (d) Principally CSS and PSS notional employer superannuation contributions.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	141,033	134,402	127,431	120,108	112,584
Investments (a)	19,606,709	14,502,098	11,788,462	18,441,912	21,304,175
Other financial assets	12,858	12,858	12,858	12,858	12,858
<b>Total financial assets</b>	<b>19,760,600</b>	<b>14,649,358</b>	<b>11,928,751</b>	<b>18,574,878</b>	<b>21,429,617</b>
<b>Non-financial assets</b>					
Buildings	16,451	12,138	8,971	5,950	2,980
Property, plant and equipment	71,832	66,625	60,863	55,148	49,454
Intangibles	1,518	1,518	1,518	1,518	1,518
Other non-financial assets	3,556	3,556	3,556	3,556	3,556
<b>Total non-financial assets</b>	<b>93,357</b>	<b>83,837</b>	<b>74,908</b>	<b>66,172</b>	<b>57,508</b>
<b>Total assets administered on behalf of Government</b>	<b>19,853,957</b>	<b>14,733,195</b>	<b>12,003,659</b>	<b>18,641,050</b>	<b>21,487,125</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	11,654	11,654	11,654	11,654	11,654
Other payables	10,487	10,487	10,487	10,487	10,487
<b>Total payables</b>	<b>22,141</b>	<b>22,141</b>	<b>22,141</b>	<b>22,141</b>	<b>22,141</b>
<b>Provisions</b>					
Employee provisions (b)	312,501	312,501	312,501	312,501	312,501
Superannuation (c)	110,665,060	113,965,453	117,262,040	120,492,028	123,626,532
Other provisions	14,521	10,963	10,361	9,695	8,979
<b>Total provisions</b>	<b>110,992,082</b>	<b>114,288,917</b>	<b>117,584,902</b>	<b>120,814,224</b>	<b>123,948,012</b>
<b>Total liabilities administered on behalf of Government</b>	<b>111,014,223</b>	<b>114,311,058</b>	<b>117,607,043</b>	<b>120,836,365</b>	<b>123,970,153</b>
<b>Net assets/(liabilities)</b>	<b>(91,160,266)</b>	<b>(99,577,863)</b>	<b>(105,603,384)</b>	<b>(102,195,315)</b>	<b>(102,483,028)</b>

Prepared on Australian Accounting Standards basis.

- (a) Represents investments in the Australian Government Investment Funds. Also represented are investments in other Commonwealth entities that are 100% owned by the Commonwealth and assets of former superannuation schemes administered by the Australian Government.
- (b) Represents Life Gold Pass Holders liabilities and employee provisions for staff employed under the *Members of Parliament (Staff) Act 1984*.
- (c) Represents the unfunded liabilities for the government's civilian superannuation schemes. The superannuation liabilities estimates are based on the Long Term Cost Report.



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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Rendering of services	3,775	3,839	3,904	3,902	3,902
Interest and dividends (a)	402,734	439,809	366,373	573,364	752,205
Superannuation contributions - employees (b)	1,255,437	1,190,812	1,127,175	1,080,817	1,034,504
Superannuation funds contributions (c)	2,077,261	1,884,657	1,894,747	1,983,848	2,077,341
Other	11,139	8,331	3,135	3,136	3,136
<b>Total cash received</b>	<b>3,750,346</b>	<b>3,527,448</b>	<b>3,395,334</b>	<b>3,645,067</b>	<b>3,871,088</b>
<b>Cash used</b>					
Employees (d)	253,359	258,844	263,553	266,416	266,416
Suppliers	230,221	194,408	199,448	228,588	244,247
Distributions from the investment funds (e)	423,707	661,547	3,395,701	1,731,240	1,657,022
Grants	2,927	2,941	2,958	2,974	2,994
Superannuation (f)	6,405,605	6,571,480	6,778,100	7,103,373	7,426,957
Other	4,923	4,448	3,975	4,105	3,634
<b>Total cash used</b>	<b>7,320,742</b>	<b>7,693,668</b>	<b>10,643,735</b>	<b>9,336,696</b>	<b>9,601,270</b>
<b>Net cash from/(used by) operating activities</b>	<b>(3,570,396)</b>	<b>(4,166,220)</b>	<b>(7,248,401)</b>	<b>(5,691,629)</b>	<b>(5,730,182)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of investments	3,493,115	12,326,829	9,729,678	6,274,616	5,356,127
Repayments of advances and loans	11,601	12,865	12,180	12,400	12,444
<b>Total cash received</b>	<b>3,504,716</b>	<b>12,339,694</b>	<b>9,741,858</b>	<b>6,287,016</b>	<b>5,368,571</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	4,811	3,398	2,844	2,890	2,911
Purchase of buildings	10,277	7,973	9,118	9,265	9,316
Purchase of investments	5,818,268	7,176,397	6,977,642	12,866,660	8,137,109
<b>Total cash used</b>	<b>5,833,356</b>	<b>7,187,768</b>	<b>6,989,604</b>	<b>12,878,815</b>	<b>8,149,336</b>
<b>Net cash from/(used by) investing activities</b>	<b>(2,328,640)</b>	<b>5,151,926</b>	<b>2,752,254</b>	<b>(6,591,799)</b>	<b>(2,780,765)</b>

Table continues on next page

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributions to the Investment Funds (e)	5,439,858	6,244,700	6,471,050	12,217,989	7,394,597
<b>Total cash received</b>	<b>5,439,858</b>	<b>6,244,700</b>	<b>6,471,050</b>	<b>12,217,989</b>	<b>7,394,597</b>
<b>Cash used</b>					
Distributions from the Investment Funds	3,044,155	11,627,035	6,291,852	4,470,612	3,613,364
<b>Total cash used</b>	<b>3,044,155</b>	<b>11,627,035</b>	<b>6,291,852</b>	<b>4,470,612</b>	<b>3,613,364</b>
<b>Net cash from/(used by) financing activities</b>	<b>2,395,703</b>	<b>(5,382,335)</b>	<b>179,198</b>	<b>7,747,377</b>	<b>3,781,233</b>
<b>Net increase/(decrease) in cash held</b>	<b>(3,503,333)</b>	<b>(4,396,629)</b>	<b>(4,316,949)</b>	<b>(4,536,051)</b>	<b>(4,729,714)</b>
Cash and cash equivalents at beginning of reporting period (g)	1,496	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	4,802,579	5,117,004	5,319,377	5,556,703	5,777,292
<b>Total cash from Official Public Account</b>	<b>4,802,579</b>	<b>5,117,004</b>	<b>5,319,377</b>	<b>5,556,703</b>	<b>5,777,292</b>
Cash to Official Public Account for:					
- Appropriations	(1,300,742)	(720,375)	(1,002,428)	(1,020,652)	(1,047,578)
<b>Total cash to Official Public Account</b>	<b>(1,300,742)</b>	<b>(720,375)</b>	<b>(1,002,428)</b>	<b>(1,020,652)</b>	<b>(1,047,578)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

- (a) Estimates include interest earnings for the Australian Government Investment Funds. For more detail on the interest estimates for each fund, refer to Tables 2.2.1.1-4.
- (b) Primarily represents the CSS and PSS notional employer contributions.
- (c) Primarily represents offsets from the CSS and PSS funds and return of overpaid benefits.
- (d) Represents expenditure on staff employed under the *Members of Parliament (Staff) Act 1984*.
- (e) 'Distributions from the Investment Funds' represents estimates of cash payments from the Funds to other entities and the Consolidated Revenue Fund.
- (f) Expenditure associated with unfunded liabilities for the government's civilian superannuation schemes.
- (g) The 2016-17 figures for cash at the beginning and end of the reporting period excludes cash held in the Official Public Account as this is not included as part of our estimates.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Administered Capital Budget (ACB) - Bill 1 (a)	4,919	4,983	5,054	5,145	5,217
Administered Assets and Liabilities - Bill 2 (b)	1,537	12,404	11,600	11,660	11,709
Special capital appropriation (c)	2,071,674	1,878,629	1,888,248	1,977,647	2,071,138
<b>Total new capital appropriations</b>	<b>2,078,130</b>	<b>1,896,016</b>	<b>1,904,902</b>	<b>1,994,452</b>	<b>2,088,064</b>
<b>Provided for:</b>					
<i>Purchase of non-financial assets</i>	5,782	5,846	5,070	5,161	5,233
<i>Other Items</i>	2,072,348	1,890,170	1,899,832	1,989,291	2,082,831
<b>Total items</b>	<b>2,078,130</b>	<b>1,896,016</b>	<b>1,904,902</b>	<b>1,994,452</b>	<b>2,088,064</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by ACB - Bill 1	4,919	4,983	5,054	5,145	5,217
Funded by Administered Assets and Liabilities - Act 2	1,710	863	16	16	16
Funded by special appropriations	8,458	5,524	6,892	6,994	6,994
<b>TOTAL</b>	<b>15,087</b>	<b>11,370</b>	<b>11,962</b>	<b>12,155</b>	<b>12,227</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total asset additions	15,087	11,370	11,962	12,155	12,227
<b>Total cash used to acquire assets</b>	<b>15,087</b>	<b>11,370</b>	<b>11,962</b>	<b>12,155</b>	<b>12,227</b>

- (a) The ACB is used to fund the replacement of assets purchased through administered annual appropriations.
- (b) Administered Assets and Liabilities includes a capital injection for Acts of Grace and liabilities and an injection for capital works on the Intra Government Communications Network, which is offset through entity contributions that are returned to the budget.
- (c) Represents appropriation to pay unfunded component of superannuation benefits under the PSS and CSS.

**Table 3.11: Statement of administered asset movements (Budget year 2017-18)**

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2017</b>				
Gross book value	62,704	89,651	3,183	155,538
Accumulated depreciation/amortisation and impairment	(46,253)	(17,819)	(1,665)	(65,737)
<b>Opening net book balance</b>	<b>16,451</b>	<b>71,832</b>	<b>1,518</b>	<b>89,801</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity	-	863	-	863
By purchase - appropriation ordinary annual services	3,547	1,436	-	4,983
By purchase - special appropriations	4,425	1,100	-	5,525
<b>Total additions</b>	<b>7,973</b>	<b>3,398</b>	<b>-</b>	<b>11,371</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(12,086)	(8,605)	-	(20,691)
Disposals	(200)	-	-	(200)
<b>Total other movements</b>	<b>(12,286)</b>	<b>(8,605)</b>	<b>-</b>	<b>(20,891)</b>
<b>As at 30 June 2018</b>				
Gross book value	70,477	93,049	3,183	166,709
Accumulated depreciation/amortisation and impairment	(58,339)	(26,424)	(1,665)	(86,428)
<b>Closing net book balance</b>	<b>12,138</b>	<b>66,625</b>	<b>1,518</b>	<b>80,281</b>

Prepared on Australian Accounting Standards basis.

# **AUSTRALIAN ELECTORAL COMMISSION**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# AUSTRALIAN ELECTORAL COMMISSION

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# AUSTRALIAN ELECTORAL COMMISSION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Electoral Commission (AEC) administers the *Commonwealth Electoral Act 1918* (the Electoral Act), making it responsible for conducting federal elections and referendums, maintaining the Commonwealth Electoral Roll and administering Part XX of the Electoral Act dealing with political funding and disclosure. The AEC must also provide a range of electoral information and education programs both in Australia and in support of Australia's international interests.

The AEC's actions impact on the Australian community as stated in its outcome:

*Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services, and targeted education and public awareness programs.*



## 1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

**Table 1.1: Australian Electoral Commission resource statement — Budget estimates for 2017-18 as at Budget May 2017**

	2016-17 <i>Estimated actual</i> \$'000	2017-18 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Departmental appropriation (b)	308,172	123,156
s 74 retained revenue receipts (c)	10,952	11,038
Departmental capital budget (d)	6,171	10,784
<i>Total departmental annual appropriations</i>	<b>325,295</b>	<b>144,978</b>
<i>Total departmental special appropriations</i>	9,000	9,000
<b>Total departmental resourcing</b>	<b>334,295</b>	<b>153,978</b>
<b>Administered</b>		
<i>Total administered special appropriations</i>	74,000	-
Special accounts		
Opening balance	2,268	-
<i>Total special account receipts</i>	2,268	-
<b>Total administered resourcing</b>	<b>76,268</b>	<b>-</b>
<b>Total resourcing for Australian Electoral Commission</b>	<b>410,563</b>	<b>153,978</b>
	2016-17	2017-18
<b>Average staffing level (number)</b>	819	795

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

- (a) Appropriation Bill (No.1) 2017-18.
- (b) Excludes departmental capital budget (DCB).
- (c) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

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

### 1.3 BUDGET MEASURES

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

**Table 1.2: Australian Electoral Commission 2017-18 Budget measures**

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

Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Expense measures</b>					
Electoral Reforms - advertising authorisation regime	1.1				
Departmental expenses	-	5,760	870	860	850
Public Service Modernisation Fund - agency sustainability (a)	1.1				
Departmental expenses	-	-	-	-	-
Australian Electoral Commission - restructure of the Northern Territory office	1.1				
Departmental expenses	-	(1,508)	(1,772)	(1,745)	(1,728)
<b>Total</b>	-	<b>4,252</b>	<b>(902)</b>	<b>(885)</b>	<b>(878)</b>
<b>Total expense measures</b>					
Departmental	-	4,252	(902)	(885)	(878)
<b>Total</b>	-	<b>4,252</b>	<b>(902)</b>	<b>(885)</b>	<b>(878)</b>

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

(a) The AEC will receive funding of \$1.3 million over the forward estimates through the measure, *Public Service Modernisation Fund – agency sustainability*. The full measure description and package details appear in *Budget Paper No. 2* as a cross portfolio measure.

## Section 2: Outcomes and planned performance

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

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

**Note:**

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

The most recent corporate plan for the AEC can be found at: [http://www.aec.gov.au/About\\_AEC/Publications/corporate-plan/index.html](http://www.aec.gov.au/About_AEC/Publications/corporate-plan/index.html).

The most recent annual performance statement can be found at: <http://annualreport.aec.gov.au/annual-reports.html>.

## **2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1**

**Outcome 1:** Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services, and targeted education and public awareness programs.

### **Budgeted expenses for Outcome 1**

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

**Table 2.1.1: Budgeted expenses for Outcome 1**

**Outcome 1: Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services, and targeted education and public awareness programs.**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 1.1: Deliver Electoral Events</b>					
Administered expenses					
Special appropriations					
<i>Commonwealth Electoral Act 1918</i>	76,000	-	76,000	-	-
<b>Administered total</b>	<b>76,000</b>	<b>-</b>	<b>76,000</b>	<b>-</b>	<b>-</b>
Departmental expenses					
Departmental appropriations	293,097	123,156	326,077	105,198	137,180
s 74 Retained revenue receipts (a)	10,952	11,038	11,038	11,038	11,038
Special appropriations					
<i>Commonwealth Electoral Act 1918</i>	9,000	9,000	9,000	9,000	9,000
Expenses not requiring appropriation in the Budget year (b)	8,804	8,291	8,821	9,612	12,051
<b>Departmental total</b>	<b>321,853</b>	<b>151,485</b>	<b>354,936</b>	<b>134,848</b>	<b>169,269</b>
<b>Total expenses for Program 1.1</b>	<b>397,853</b>	<b>151,485</b>	<b>430,936</b>	<b>134,848</b>	<b>169,269</b>
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Special appropriations	76,000	-	76,000	-	-
<b>Administered total</b>	<b>76,000</b>	<b>-</b>	<b>76,000</b>	<b>-</b>	<b>-</b>
Departmental expenses					
Departmental appropriations	293,097	123,156	326,077	105,198	137,180
s74 Retained revenue receipts (a)	10,952	11,038	11,038	11,038	11,038
Special appropriations	9,000	9,000	9,000	9,000	9,000
Expenses not requiring appropriation in the Budget year (b)	8,804	8,291	8,821	9,612	12,051
<b>Departmental total</b>	<b>321,853</b>	<b>151,485</b>	<b>354,936</b>	<b>134,848</b>	<b>169,269</b>
<b>Total expenses for Outcome 1</b>	<b>397,853</b>	<b>151,485</b>	<b>430,936</b>	<b>134,848</b>	<b>169,269</b>

	2016-17	2017-18
<b>Average staffing level (number)</b>	819	795

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the *PGPA Act 2013*.

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

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

**Table 2.1.2: Performance criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services, and targeted education and public awareness programs.</b>		
<b>Program 1.1 – Deliver Electoral Events</b>		
<b>Delivery</b>	AEC's program objective is to maintain an impartial and independent electoral system for eligible voters through active electoral roll management, efficient delivery of polling services and targeted education and public awareness programs.	
<b>Performance information: Program 1.1 - Deliver Electoral Events</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2016-17	<p><b>Elections, By-elections and Referendums</b></p> <ul style="list-style-type: none"> <li>Federal electoral events are successfully delivered.</li> <li>Maintain ability to conduct a federal electoral event within a timeframe.</li> <li>Timely conduct of redistribution activities.</li> <li>Industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections are delivered in accordance with the relevant legislation and rules.</li> </ul> <p><b>Electoral Roll Management</b></p> <ul style="list-style-type: none"> <li>High level of confidence in the Electoral Roll.</li> </ul>	<ul style="list-style-type: none"> <li>Delivered a federal electoral event successfully.</li> <li>The AEC continues to remain ready and capable of delivering a federal electoral event within required timeframes.</li> <li>Redistributions were finalised within required timeframes.</li> <li>Successful industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections were delivered in accordance with relevant legislation and rules.</li> <li>Completeness has increased with accuracy being maintained.</li> </ul>

Table continues on next page

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

Performance information: Program 1.1 - Deliver Electoral Events		
Year	Performance criteria	Targets
2016-17 (continued)	<p><b>Party Registrations and Financial Disclosure</b></p> <ul style="list-style-type: none"> <li>• Party registration processed in accordance with the Electoral Act.</li> <li>• Financial disclosures obtained and placed on the public record in accordance with the Electoral Act.</li> </ul> <p><b>Public Awareness</b></p> <ul style="list-style-type: none"> <li>• Deliver communication, education and public awareness activities to inform all Australians of electoral matters.</li> <li>• Information is timely and accurate, uses appropriate technology and channels, and meets accessibility standards.</li> </ul>	<ul style="list-style-type: none"> <li>• The Register of Political Parties is maintained in accordance with the Electoral Act.</li> <li>• Annual and election financial disclosure returns were published on the AEC website by the required dates.</li> <li>• Appropriate strategies were implemented to deliver communication, education and public awareness activities to inform all Australians of electoral matters.</li> <li>• Effective use of contemporary technology to deliver modern products and services were used wherever possible and met accessibility standards.</li> </ul>

Table continues on next page



**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

<b>Performance information: Program 1.1 - Deliver Electoral Events</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017-18	<p><b>Elections, By-elections and Referendums</b></p> <ul style="list-style-type: none"> <li>Federal electoral events are successfully delivered.</li> <li>Maintain ability to conduct a federal electoral event within a timeframe.</li> <li>Timely conduct of redistribution activities.</li> <li>Industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections are delivered in accordance with the relevant legislation and rules.</li> </ul> <p><b>Electoral Roll Management</b></p> <ul style="list-style-type: none"> <li>High level of confidence in the Electoral Roll.</li> </ul> <p><b>Party Registrations and Financial Disclosure</b></p> <ul style="list-style-type: none"> <li>Party registration processed in accordance with the Electoral Act.</li> <li>Financial disclosures obtained and placed on the public record in accordance with the Electoral Act.</li> </ul> <p><b>Public Awareness</b></p> <ul style="list-style-type: none"> <li>Deliver communication, education and public awareness activities to inform all Australians of electoral matters.</li> </ul>	<ul style="list-style-type: none"> <li>The AEC remains ready and capable of delivering a federal electoral event within required timeframes.</li> <li>Redistributions are finalised within required timeframes.</li> <li>Conduct successful industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections in accordance with relevant legislation and rules.</li> <li>A complete and accurate Electoral Roll.</li> <li>The Register of Political Parties is maintained in accordance with the Electoral Act.</li> <li>Annual and election financial disclosure returns are published on the AEC website by the required dates.</li> <li>Appropriate strategies are implemented to deliver communication, education and public awareness activities to inform all Australians of electoral matters.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>As per 2017-18</li> </ul>	<ul style="list-style-type: none"> <li>As per 2017-18</li> </ul>
<b>Purposes</b>	<p>Maintain an impartial and independent electoral system for eligible voters through active Electoral Roll management, efficient delivery of polling services, and targeted education and public awareness programs.</p>	

## Section 3: Budgeted financial statements

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

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

No material differences exist between entity resourcing and the financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The AEC's expected actual revenue and expenses for this financial year have not changed significantly from the amounts published in the Portfolio Additional Estimates Statements 2016-17 (PAES). As part of the Budget process the AEC moved expenditure forward from 2019-20 to 2018-19 in order to align expenses with the expected timeframe of the next Federal Election.

For 2017-18 the AEC is budgeting for a deficit including depreciation.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	194,868	83,850	178,239	78,787	86,365
Suppliers	118,181	59,344	167,876	46,449	70,853
Depreciation and amortisation	8,719	8,206	8,736	9,527	11,966
Other expenses	85	85	85	85	85
<b>Total expenses</b>	<b>321,853</b>	<b>151,485</b>	<b>354,936</b>	<b>134,848</b>	<b>169,269</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	10,952	11,038	11,038	11,038	11,038
<b>Total own-source revenue</b>	<b>10,952</b>	<b>11,038</b>	<b>11,038</b>	<b>11,038</b>	<b>11,038</b>
<b>Gains</b>					
Other	85	85	85	85	85
<b>Total gains</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>85</b>
<b>Total own-source income</b>	<b>11,037</b>	<b>11,123</b>	<b>11,123</b>	<b>11,123</b>	<b>11,123</b>
<b>Net (cost of)/contribution by services</b>	<b>(310,816)</b>	<b>(140,362)</b>	<b>(343,813)</b>	<b>(123,725)</b>	<b>(158,146)</b>
Revenue from Government	317,172	132,156	335,077	114,198	146,180
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>6,356</b>	<b>(8,206)</b>	<b>(8,736)</b>	<b>(9,527)</b>	<b>(11,966)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>6,356</b>	<b>(8,206)</b>	<b>(8,736)</b>	<b>(9,527)</b>	<b>(11,966)</b>

**Note: Impact of net cash appropriation arrangements**

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>15,075</b>	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	8,719	8,206	8,736	9,527	11,966
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>6,356</b>	<b>(8,206)</b>	<b>(8,736)</b>	<b>(9,527)</b>	<b>(11,966)</b>

Prepared on Australian Accounting Standards basis.

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

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	17,932	17,932	17,932	17,932	17,932
Trade and other receivables	95,638	95,638	95,638	95,638	95,638
<b>Total financial assets</b>	<b>113,570</b>	<b>113,570</b>	<b>113,570</b>	<b>113,570</b>	<b>113,570</b>
<b>Non-financial assets</b>					
Land and buildings	9,969	9,082	10,208	7,858	7,657
Property, plant and equipment	6,735	11,305	11,626	13,171	12,664
Intangibles	15,366	14,261	14,848	16,990	16,296
Inventories	14,599	14,599	14,599	14,599	14,599
Other non-financial assets	7,115	7,115	7,115	7,115	7,115
<b>Total non-financial assets</b>	<b>53,784</b>	<b>56,362</b>	<b>58,396</b>	<b>59,733</b>	<b>58,331</b>
<b>Total assets</b>	<b>167,354</b>	<b>169,932</b>	<b>171,966</b>	<b>173,303</b>	<b>171,901</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	72,637	72,637	72,637	72,637	72,637
Other payables	4,103	4,103	4,103	4,103	4,103
<b>Total payables</b>	<b>76,740</b>	<b>76,740</b>	<b>76,740</b>	<b>76,740</b>	<b>76,740</b>
<b>Provisions</b>					
Employee provisions	31,757	31,757	31,757	31,757	31,757
Other provisions	1,525	1,525	1,525	1,525	1,525
<b>Total provisions</b>	<b>33,282</b>	<b>33,282</b>	<b>33,282</b>	<b>33,282</b>	<b>33,282</b>
<b>Total liabilities</b>	<b>110,022</b>	<b>110,022</b>	<b>110,022</b>	<b>110,022</b>	<b>110,022</b>
<b>Net assets</b>	<b>57,332</b>	<b>59,910</b>	<b>61,944</b>	<b>63,281</b>	<b>61,879</b>
<b>EQUITY*</b>					
Contributed equity	60,373	71,157	81,927	92,791	103,355
Reserves	22,985	22,985	22,985	22,985	22,985
Retained surplus (accumulated deficit)	(26,026)	(34,232)	(42,968)	(52,495)	(64,461)
<b>Total equity</b>	<b>57,332</b>	<b>59,910</b>	<b>61,944</b>	<b>63,281</b>	<b>61,879</b>

Prepared on Australian Accounting Standards basis.

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

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

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2017</b>				
Balance carried forward from previous period	(26,026)	22,985	60,373	57,332
<b>Adjusted opening balance</b>	<b>(26,026)</b>	<b>22,985</b>	<b>60,373</b>	<b>57,332</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(8,206)			(8,206)
<b>Total comprehensive income</b>	<b>(8,206)</b>	<b>-</b>	<b>-</b>	<b>(8,206)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental capital budget (DCB)			10,784	10,784
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>10,784</b>	<b>10,784</b>
<b>Estimated closing balance as at 30 June 2018</b>	<b>(34,232)</b>	<b>22,985</b>	<b>71,157</b>	<b>59,910</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(34,232)</b>	<b>22,985</b>	<b>71,157</b>	<b>59,910</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	302,097	132,156	335,077	114,198	146,180
Sale of goods and rendering of services	10,952	11,038	11,038	11,038	11,038
<b>Total cash received</b>	<b>313,049</b>	<b>143,194</b>	<b>346,115</b>	<b>125,236</b>	<b>157,218</b>
<b>Cash used</b>					
Employees	194,868	83,850	178,239	78,787	86,365
Suppliers	118,181	59,344	167,876	46,364	70,768
Other	-	-	-	85	85
<b>Total cash used</b>	<b>313,049</b>	<b>143,194</b>	<b>346,115</b>	<b>125,236</b>	<b>157,218</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	6,171	10,784	10,770	10,864	10,564
<b>Total cash used</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<b>Net cash from/(used by) investing activities</b>	<b>(6,171)</b>	<b>(10,784)</b>	<b>(10,770)</b>	<b>(10,864)</b>	<b>(10,564)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	6,171	10,784	10,770	10,864	10,564
<b>Total cash received</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<b>Net cash from/(used by) financing activities</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	17,932	17,932	17,932	17,932	17,932
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>17,932</b>	<b>17,932</b>	<b>17,932</b>	<b>17,932</b>	<b>17,932</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	6,171	10,784	10,770	10,864	10,564
<b>Total new capital appropriations</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	6,171	10,784	10,770	10,864	10,564
<b>Total items</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB (a)	6,171	10,784	10,770	10,864	10,564
<b>TOTAL</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	6,171	10,784	10,770	10,864	10,564
<b>Total cash used to acquire assets</b>	<b>6,171</b>	<b>10,784</b>	<b>10,770</b>	<b>10,864</b>	<b>10,564</b>

Prepared on Australian Accounting Standards basis.

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

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

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2017</b>				
Gross book value	13,994	9,367	60,479	83,840
Accumulated depreciation/ amortisation and impairment	(4,025)	(2,632)	(45,113)	(51,770)
<b>Opening net book balance</b>	<b>9,969</b>	<b>6,735</b>	<b>15,366</b>	<b>32,070</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	2,000	7,158	1,626	10,784
<b>Total additions</b>	<b>2,000</b>	<b>7,158</b>	<b>1,626</b>	<b>10,784</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(2,887)	(2,588)	(2,731)	(8,206)
<b>Total other movements</b>	<b>(2,887)</b>	<b>(2,588)</b>	<b>(2,731)</b>	<b>(8,206)</b>
<b>As at 30 June 2018</b>				
Gross book value	15,994	16,525	62,105	94,624
Accumulated depreciation/ amortisation and impairment	(6,912)	(5,220)	(47,844)	(59,976)
<b>Closing net book balance</b>	<b>9,082</b>	<b>11,305</b>	<b>14,261</b>	<b>34,648</b>

Prepared on Australian Accounting Standards basis.

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



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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Other expenses	76,000	-	76,000	-	-
<b>Total expenses administered on behalf of Government</b>	<b>76,000</b>	<b>-</b>	<b>76,000</b>	<b>-</b>	<b>-</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Non-taxation revenue</b>					
Fees and fines	2,000	33	2,000	66	33
<b>Total non-taxation revenue</b>	<b>2,000</b>	<b>33</b>	<b>2,000</b>	<b>66</b>	<b>33</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>2,000</b>	<b>33</b>	<b>2,000</b>	<b>66</b>	<b>33</b>
<b>Net (cost of)/contribution by services</b>	<b>(74,000)</b>	<b>33</b>	<b>(74,000)</b>	<b>66</b>	<b>33</b>
<b>Total comprehensive income/(loss)</b>	<b>(74,000)</b>	<b>33</b>	<b>(74,000)</b>	<b>66</b>	<b>33</b>

Prepared on Australian Accounting Standards basis.

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

The AEC has no budgeted assets and liabilities administered on behalf of the Government.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	2,000	33	2,000	66	33
<b>Total cash received</b>	<b>2,000</b>	<b>33</b>	<b>2,000</b>	<b>66</b>	<b>33</b>
<b>Cash used</b>					
Other	76,014	-	76,000	-	-
<b>Total cash used</b>	<b>76,014</b>	<b>-</b>	<b>76,000</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) operating activities</b>	<b>(74,014)</b>	<b>33</b>	<b>(74,000)</b>	<b>66</b>	<b>33</b>
<b>Net increase/(decrease) in cash held</b>	<b>(74,014)</b>	<b>33</b>	<b>(74,000)</b>	<b>66</b>	<b>33</b>
Cash and cash equivalents at beginning of reporting period	14	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	76,000	-	76,000	-	-
<b>Total cash from Official Public Account</b>	<b>76,000</b>	<b>-</b>	<b>76,000</b>	<b>-</b>	<b>-</b>
Cash to Official Public Account for:					
- Appropriations	(2,000)	(33)	(2,000)	(66)	(33)
<b>Total cash to Official Public Account</b>	<b>(2,000)</b>	<b>(33)</b>	<b>(2,000)</b>	<b>(66)</b>	<b>(33)</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards.

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

The AEC has no budgeted capital administered on behalf of the Government.

**Table 3.11: Statement of administered asset movements (Budget year 2017-18)**

The AEC has no budgeted non-financial assets administered on behalf of the Government.

# **COMMONWEALTH SUPERANNUATION CORPORATION**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# COMMONWEALTH SUPERANNUATION CORPORATION

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# COMMONWEALTH SUPERANNUATION CORPORATION

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

Commonwealth Superannuation Corporation (CSC) is responsible for the investment of funds and administration of the Public Superannuation Scheme Accumulation Plan (PSSap); the Public Sector Superannuation Scheme (PSS); the Commonwealth Superannuation Scheme (CSS); the Military Superannuation and Benefits Scheme (MSBS); and the Australian Defence Force Superannuation Scheme (ADF Super). In addition, CSC administers six 'unfunded' superannuation schemes: the Defence Forces Retirement Benefits Scheme (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Defence Force (Superannuation) (Productivity Benefit) Scheme (DFSPB), the 1922 Scheme, the Papua New Guinea Scheme (PNG), and the Australian Defence Force Cover Scheme (ADF Cover).

CSC seeks to achieve its outcome agreed with the government by delivering consistently competitive and risk-managed investment performance, efficient scheme administration for contributors and beneficiaries, and effective interaction with its other stakeholders.

CSC aspires to maintain its leadership position as a superannuation provider of choice in the Commonwealth sector. CSC will work with the government to improve or modernise scheme design and will work to improve service to members.

As a holder of licences from both Australian Prudential Regulation Authority (APRA) and Australian Securities and Investments Commission (ASIC), CSC will continue to ensure the highest standards are maintained and will seek to meet all compliance obligations.

## 1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

**Table 1.1: Commonwealth Superannuation Corporation resource statement — Budget estimates for 2017-18 as at Budget May 2017**

	2016-17 estimated actual \$'000	2017-18 estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	<b>89,216</b>	<b>41,677</b>
<b>Funds from Government</b>		
Special accounts		
CSC Special Account Departmental	78,586	70,560
Services for Other Entities and Trust Moneys CSC Special Account Administered (a)	2,104,911	36,911
<i>Total special accounts</i>	<b>2,183,497</b>	<b>107,471</b>
<b>Total funds from Government</b>	<b>2,183,497</b>	<b>107,471</b>
<b>Funds from other sources</b>		
Interest	80	80
Sale of goods and services	27,355	28,225
<b>Total funds from other sources</b>	<b>27,435</b>	<b>28,305</b>
<b>Total net resourcing for Commonwealth Superannuation Corporation</b>	<b>2,300,148</b>	<b>177,453</b>
	2016-17	2017-18
<b>Average staffing level (number) (b)</b>	<b>455</b>	<b>476</b>

(a) The decrease in receipts in 2017-18 reflects a change in banking arrangements.

(b) Average staffing levels reflect all staff involved in the investment of funds and administration of the schemes. All employee expenses are paid by CSC and CSC on-charges the schemes for the portion of expenses that are referable to the investment of the scheme funds.

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

**Table 1.1: Commonwealth Superannuation Corporation resource statement — Budget estimates for 2017-18 as at Budget May 2017 (continued)****Third party payments from and on behalf of other entities**

	2016-17 estimated actual \$'000	2017-18 estimate \$'000
Payments made on behalf of another entity (as disclosed in the respective entity's resource statement)		
<b>Finance Superannuation Special Appropriations:</b>		
<i>Superannuation Act 1922</i>	83,486	76,163
<i>Superannuation Act 1976</i>	4,377,558	4,515,582
<i>Superannuation Act 1990</i>	1,844,330	1,875,469
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - General Law Reform) Act 2008</i>	59	60
<i>Governance of Australian Government Superannuation Schemes Act 2011</i>	1,500	1,000
<b>Defence Superannuation Special Appropriations:</b>		
<i>Defence Forces Retirement Benefits Act 1948</i>	47,626	41,737
<i>Defence Force Retirement and Death Benefits Act 1973</i>	1,540,513	1,599,741
<i>Military Superannuation and Benefits Act 1991</i>	570,545	680,503
<i>Australian Defence Force Cover Act 2015</i>	771	2,743
<b>CSC draws on the following Finance Annual Appropriations</b>		
Appropriation Act (No.1) (a)	500	500
Appropriation Act (No.1) (b)	294	451
Appropriation Act (No.2) (b)	968	992
<b>PNG Scheme</b>		
Administered Appropriation Act	6,385	6,104

(a) Compensation and legal payments.

(b) Act of Grace payments.

**1.3 BUDGET MEASURES**

No budget measures have been announced since 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) that impact CSC.



## Section 2: Outcomes and planned performance

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

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

**Note:**

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

The most recent corporate plan for CSC can be found at: <http://www.csc.gov.au/about-us/governance/>.

The most recent annual performance statement can be found at: <http://www.csc.gov.au/reports-and-information/annual-reports/>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1:** Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.

### Linked programs

<b>Department of Finance</b>
<b>Programs</b> <ul style="list-style-type: none"> <li>• Program 2.7 – Public Sector Superannuation</li> </ul>
<b>Department of Defence</b>
<b>Programs</b> <ul style="list-style-type: none"> <li>• Program 2.14 – Defence Force Superannuation Benefits</li> <li>• Program 2.15 – Defence Force Superannuation Nominal Interest</li> </ul>
<p><b>Contribution to Outcome 1 made by linked programs</b></p> <p>The Department of Finance and Department of Defence provide funding through third party access arrangements to Commonwealth Superannuation Corporation for the propose of providing payments of retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force.</p>

## Budgeted expenses for Outcome 1

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

**Table 2.1.1: Budgeted expenses for Outcome 1**

**Outcome 1: Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 1.1: Superannuation Scheme Governance</b>					
Revenue from Government					
Special accounts					
CSC Special Account	114,608	106,496	100,415	100,714	101,656
Revenues from other independent sources	80	80	80	80	80
<b>Total expenses for Program 1.1 (a)</b>	<b>114,688</b>	<b>106,576</b>	<b>100,495</b>	<b>100,794</b>	<b>101,736</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Special accounts	114,608	106,496	100,415	100,714	101,656
Revenues from other independent sources	80	80	80	80	80
<b>Total expenses for Outcome 1</b>	<b>114,688</b>	<b>106,576</b>	<b>100,495</b>	<b>100,794</b>	<b>101,736</b>

	2016-17	2017-18
<b>Average staffing level (number) (b)</b>	455	476

- (a) Expenses reflect only the cost paid by CSC and do not reflect the total cost involved in the investment of funds and administration of the schemes.
- (b) Average staffing levels reflect all staff involved in the investment of funds and administration of the schemes. All employee expenses are paid by CSC and CSC on charges the schemes for the portion of expenses that are referable to the investment of the scheme funds.

**Table 2.1.2 Performance criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 – Retirement and insurance benefits for scheme members and beneficiaries, including past, present and future employees of the Australian Government and other eligible employers and members of the Australian Defence Force, through investment and administration of their superannuation funds and schemes.</b>		
<b>Program 1.1 – Superannuation Scheme Governance</b>		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Risk managed investment of member's superannuation balances.</li> <li>• Meeting licence obligations set out by APRA and ASIC.</li> <li>• Development and implementation of industry standard administration services.</li> <li>• Provision of information for scheme members including responding to member enquiries and publications, websites and seminars.</li> </ul>	
<b>Performance information: Superannuation Scheme Governance</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>• CSC's investment performance for its default accumulation option over a rolling three-year period.</li> <li>• CSC's investment portfolio is maintained within Board approved risk parameters, such that negative returns are expected in no more than 4 out of every 20 years for the default accumulation option.</li> <li>• Achievement of operational objectives for benefit payments, pension and contributions processing and the dispatch of members' statements.</li> <li>• Adequate satisfaction level of members, beneficiaries and employers with the service provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Over the rolling three-year period to June 2017, CSC's default accumulation option is estimated to meet its annual return target of 3.5% within Board approved risk parameters.</li> <li>• It is estimated that the target of achieving negative returns in no more than 4 out of every 20 years for the default accumulation option will be met.</li> <li>• It is estimated that the target of achieving 90% of each operational objective will be met.</li> <li>• It is estimated that the target of achieving a Net Promoter Score (industry standard satisfaction measure) survey result of +15 will not be met.</li> </ul>

Table continues on next page

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

<b>Performance information: Superannuation Scheme Governance</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017-18	<ul style="list-style-type: none"> <li>• CSC's investment performance for its default accumulation option over a rolling three-year period.</li> <li>• CSC's investment portfolio is maintained within Board approved risk parameters, such that negative returns are expected in no more than 4 out of every 20 years for the default accumulation option.</li> <li>• Achievement of operational objectives for benefit payments, pension and contributions processing and the dispatch of members' statements.</li> <li>• Adequate satisfaction level of members, beneficiaries and employers with the service provided.</li> </ul>	<ul style="list-style-type: none"> <li>• Default accumulation option annual real return of 3.5% over a rolling three-year period.</li> <li>• Negative returns in no more than 4 out of every 20 years for the default accumulation option.</li> <li>• 90% of each operational objective achieved.</li> <li>• Net Promoter Score (industry standard satisfaction measure) survey result of +10.</li> </ul>
2018-19 and beyond	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>	<ul style="list-style-type: none"> <li>• As per 2017-18.</li> </ul>
<b>Purposes</b>	CSC's purpose is to grow the wealth of Australian Government employees and members of the Australian Defence Force for their retirement as the trustee of the Australian Government's public sector and military superannuation schemes.	

## Section 3: Budgeted financial statements

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

### 3.1 BUDGETED FINANCIAL STATEMENTS

#### 3.1.1 Differences between entity resourcing and financial statements

No material differences exist between entity resourcing and the financial statements.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

CSC is the trustee for the PSSap, PSS, CSS, MSBS and ADF Super regulated superannuation schemes and six 'unfunded' superannuation schemes. The governance arrangements of these schemes are set out in the *Governance of Australian Government Superannuation Schemes Act 2011* and various scheme specific Acts, Trust Deeds, legislation, rules and determinations. These requirements prescribe which costs are to be paid from scheme funds, and which costs are to be borne by the fees levied upon Commonwealth entities.

CSC receives revenue through fees paid by Commonwealth entities and some entities with residual membership in the schemes, such as the Northern Territory and Australian Capital Territory governments. All CSC fee revenue from Commonwealth entities is managed through a Special Account.

CSC's budgeted departmental expenses shown in this document reflect only the costs paid, and income received, by CSC into its Special Account and does not reflect the total cost involved in the investment of funds and administration of the schemes.

The projected reduction in the surplus from 2016-17 to 2017-18 reflects a Government decision to change the mechanism by which savings from the 2010-11 Budget Measure 'Superannuation Governance and Administration Reform' are delivered. In 2016-17 and prior years, savings of \$3 million per annum were returned to the budget by CSC from fees charged to employer agencies. From 2017-18 onwards, these savings will be recovered directly from the relevant entities by adjusting their appropriations, and CSC's agency fees will be reduced accordingly.

The projected loss in 2016-17 reflects the estimated accounting loss associated with the co-location of CSC's Canberra offices. The loss represents the upfront recognition of future cash outflows associated with the existing leases at the time of the anticipated signing of the new lease, and the associated downwards revaluation of fixed assets.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES (a)</b>					
Employee benefits	58,118	58,591	59,270	60,160	61,063
Suppliers	46,157	34,340	35,221	34,630	35,090
Depreciation and amortisation	8,055	13,433	5,792	5,792	5,371
Finance costs	12	12	12	12	12
Write-down and impairment of assets	2,146	-	-	-	-
Other expenses	200	200	200	200	200
<b>Total expenses</b>	<b>114,688</b>	<b>106,576</b>	<b>100,495</b>	<b>100,794</b>	<b>101,736</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	105,608	106,496	100,415	100,714	101,656
Interest	80	80	80	80	80
<b>Total own-source revenue</b>	<b>105,688</b>	<b>106,576</b>	<b>100,495</b>	<b>100,794</b>	<b>101,736</b>
<b>Total own-source income</b>	<b>105,688</b>	<b>106,576</b>	<b>100,495</b>	<b>100,794</b>	<b>101,736</b>
<b>Net (cost of)/contribution by services</b>	<b>(9,000)</b>	-	-	-	-
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(9,000)</b>	-	-	-	-
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	(1,172)	-	-	-	-
<b>Total other comprehensive income</b>	<b>(1,172)</b>	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>(10,172)</b>	-	-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(10,172)</b>	-	-	-	-

Prepared on Australian Accounting Standards basis.

(a) Expenses reflect only the cost paid by CSC and do not reflect the total cost involved in the investment of funds and administration of the schemes.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	43,768	34,237	31,088	28,035	25,160
Trade and other receivables	3,442	3,442	3,442	3,442	3,442
<b>Total financial assets</b>	<b>47,210</b>	<b>37,679</b>	<b>34,530</b>	<b>31,477</b>	<b>28,602</b>
<b>Non-financial assets</b>					
Leasehold Improvements	4,734	17,162	17,162	17,162	17,162
Property, plant and equipment	2,997	2,997	2,997	2,997	2,997
Intangibles	20,129	20,129	20,129	20,129	20,129
Other non-financial assets	2,020	2,023	2,026	2,026	2,026
<b>Total non-financial assets</b>	<b>29,880</b>	<b>42,311</b>	<b>42,314</b>	<b>42,314</b>	<b>42,314</b>
<b>Total assets</b>	<b>77,090</b>	<b>79,990</b>	<b>76,844</b>	<b>73,791</b>	<b>70,916</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	16,265	20,126	19,506	18,767	17,908
Other payables	276	276	276	276	276
<b>Total payables</b>	<b>16,541</b>	<b>20,402</b>	<b>19,782</b>	<b>19,043</b>	<b>18,184</b>
<b>Provisions</b>					
Employee provisions	11,779	11,779	11,779	11,779	11,779
Other provisions	14,327	13,208	10,524	8,052	5,878
<b>Total provisions</b>	<b>26,106</b>	<b>24,987</b>	<b>22,303</b>	<b>19,831</b>	<b>17,657</b>
<b>Total liabilities</b>	<b>42,647</b>	<b>45,389</b>	<b>42,085</b>	<b>38,874</b>	<b>35,841</b>
<b>Net assets</b>	<b>34,443</b>	<b>34,601</b>	<b>34,759</b>	<b>34,917</b>	<b>35,075</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	35,475	35,475	35,475	35,475	35,475
Reserves	100	258	416	574	732
Retained surplus (accumulated deficit)	(1,132)	(1,132)	(1,132)	(1,132)	(1,132)
<b>Total parent entity interest</b>	<b>34,443</b>	<b>34,601</b>	<b>34,759</b>	<b>34,917</b>	<b>35,075</b>
<b>Total equity</b>	<b>34,443</b>	<b>34,601</b>	<b>34,759</b>	<b>34,917</b>	<b>35,075</b>

Prepared on Australian Accounting Standards basis.

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



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

	Retained earnings	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2017</b>				
Balance carried forward from previous period	(1,132)	100	35,475	34,443
<b>Adjusted opening balance</b>	<b>(1,132)</b>	<b>100</b>	<b>35,475</b>	<b>34,443</b>
Total comprehensive income/(loss)	-	-	-	-
Transfers to/(from) reserves	-	158	-	-
<b>Estimated closing balance as at 30 June 2018</b>	<b>(1,132)</b>	<b>258</b>	<b>35,475</b>	<b>34,601</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(1,132)</b>	<b>258</b>	<b>35,475</b>	<b>34,601</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Transfers from OPA	71,979	70,560	70,766	73,864	76,008
Sale of goods and rendering of services	105,208	101,654	100,573	100,872	101,814
Interest	80	80	80	80	80
<b>Total cash received</b>	<b>177,267</b>	<b>172,294</b>	<b>171,419</b>	<b>174,816</b>	<b>177,902</b>
<b>Cash used</b>					
Employees	58,118	58,591	59,270	60,160	61,063
Suppliers	34,569	34,613	38,740	38,053	38,335
Transferred to OPA	70,870	70,560	70,766	73,864	76,008
<b>Total cash used</b>	<b>163,557</b>	<b>163,764</b>	<b>168,776</b>	<b>172,077</b>	<b>175,406</b>
<b>Net cash from/(used by) operating activities</b>	<b>13,710</b>	<b>8,530</b>	<b>2,643</b>	<b>2,739</b>	<b>2,496</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	8,055	18,061	5,792	5,792	5,371
<b>Total cash used</b>	<b>8,055</b>	<b>18,061</b>	<b>5,792</b>	<b>5,792</b>	<b>5,371</b>
<b>Net cash from/(used by) investing activities</b>	<b>(8,055)</b>	<b>(18,061)</b>	<b>(5,792)</b>	<b>(5,792)</b>	<b>(5,371)</b>
<b>Cash used</b>					
Dividends paid	3,000	-	-	-	-
<b>Total cash used</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>	<b>(3,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>2,655</b>	<b>(9,531)</b>	<b>(3,149)</b>	<b>(3,053)</b>	<b>(2,875)</b>
Cash and cash equivalents at the beginning of the reporting period	41,113	43,768	34,237	31,088	28,035
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>43,768</b>	<b>34,237</b>	<b>31,088</b>	<b>28,035</b>	<b>25,160</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	8,055	18,061	5,792	5,792	5,371
<b>TOTAL</b>	<b>8,055</b>	<b>18,061</b>	<b>5,792</b>	<b>5,792</b>	<b>5,371</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	8,055	18,061	5,792	5,792	5,371
<b>Total cash used to acquire assets</b>	<b>8,055</b>	<b>18,061</b>	<b>5,792</b>	<b>5,792</b>	<b>5,371</b>

Prepared on Australian Accounting Standards basis.

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

	Leasehold Improvements	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2017</b>				
Gross book value	6,160	4,558	28,441	39,159
Accumulated depreciation/ amortisation and impairment	(1,426)	(1,561)	(8,312)	(11,299)
<b>Opening net book balance</b>	<b>4,734</b>	<b>2,997</b>	<b>20,129</b>	<b>27,860</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - donated funds				
By purchase - other	17,709	3,268	4,884	25,861
<b>Total additions</b>	<b>17,709</b>	<b>3,268</b>	<b>4,884</b>	<b>25,861</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(5,281)	(3,268)	(4,884)	(13,433)
<b>Total other movements</b>	<b>(5,281)</b>	<b>(3,268)</b>	<b>(4,884)</b>	<b>(13,433)</b>
<b>As at 30 June 2018</b>				
Gross book value	23,869	7,826	33,325	65,020
Accumulated depreciation/ amortisation and impairment	(6,707)	(4,829)	(13,196)	(24,732)
<b>Closing net book balance</b>	<b>17,162</b>	<b>2,997</b>	<b>20,129</b>	<b>40,288</b>

Prepared on Australian Accounting Standards basis.

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

The CSC has no budgeted income and expenses administered on behalf of the Government.

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

The CSC has no budgeted assets and liabilities administered on behalf of the Government.

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

The CSC has no budgeted cash flows administered on behalf of the Government.

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

The CSC has no budgeted capital administered on behalf of the Government.

**Table 3.11: Statement of administered asset movements (Budget year 2017-18)**

The CSC has no budgeted non-financial assets administered on behalf of the Government.



# **FUTURE FUND MANAGEMENT AGENCY**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**





# FUTURE FUND MANAGEMENT AGENCY

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# FUTURE FUND MANAGEMENT AGENCY

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Future Fund Management Agency (FFMA) was established by the *Future Fund Act 2006* to support and advise the Future Fund Board of Guardians (the Board) in its task of investing the assets of the Future Fund.

The scope of the FFMA and the Board was extended by the *Nation-building Funds Act 2008* and subsequently by the *DisabilityCare Australia Fund Act 2013* and the *Medical Research Future Fund Act 2015* to include the management of investments to grow other Australian Government Asset Funds as a means to provide financing sources for substantial future investments in the Australian economy. As a result the FFMA supports the Board in managing investments of the Future Fund, Building Australia Fund (BAF), Education Investment Fund (EIF), DisabilityCare Australia Fund (DCAF) and Medical Research Future Fund (MRFF).

The government has announced that it intends to close the BAF and EIF.

The FFMA focuses on supporting and advising the Board of Guardians in developing and implementing appropriate investment strategies for the funds. Investing in global markets is a highly specialised and competitive commercial activity. Accordingly the Board and FFMA intend to continue to develop and invest in the Agency's skills, capabilities, resources and systems in order to keep up with the fast-evolving industry and to maintain the Agency's competitiveness within that industry in terms of finding good investments.

The Future Fund's portfolio will continue to evolve as the Board manages the portfolio in line with its mandate and strategy. The approach to managing the portfolio is detailed in the 2015-16 Future Fund Annual Report. Recognising the potential for continued volatility in investment markets, an important emphasis for the FFMA and the Board is maintaining a long term investment perspective and strategy that balances risk with expected return as required.

The FFMA provides support and advice to the Board in relation to the BAF, EIF, DCAF and MRFF and is focused on developing and implementing investment strategies consistent with the legislation and mandates. The investment strategies and approach for the Nation-building Funds, the DisabilityCare Australia Fund and the Medical Research Future Fund are detailed in the 2015-16 Future Fund Annual Report.

Investment policies for all of the public asset funds for which the Board is responsible are available at [www.futurefund.gov.au](http://www.futurefund.gov.au).

## 1.2 ENTITY RESOURCE STATEMENT

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

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

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

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

**Table 1.1: Future Fund Management Agency resource statement — Budget estimates for 2017-18 as at Budget May 2017**

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
<b>Departmental</b>		
Special accounts		
Opening balance	-	-
Non-appropriation receipts	362,875	388,651
<i>Total special accounts</i>	<i>362,875</i>	<i>388,651</i>
<b>Total departmental resourcing</b>	<b>362,875</b>	<b>388,651</b>
<b>Total resourcing for FFMA</b>	<b>362,875</b>	<b>388,651</b>
	2016-17	2017-18
<b>Average staffing level (number)</b>	<b>138</b>	<b>167</b>

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

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

Note: Future Fund does not receive any annual appropriations. Its outputs are funded as payments from the Future Fund Special Account.

### 1.3 BUDGET MEASURES

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

**Table 1.2: Future Fund Management Agency 2017-18 Budget Measures**

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

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Revenue measures</b>						
Future Fund - timing of drawdowns	1.1					
Administered revenues		-	-	-	-	249,350
<b>Total</b>		-	-	-	-	<b>249,350</b>
<b>Total revenue measures</b>						
Administered		-	-	-	-	249,350
<b>Total</b>		-	-	-	-	<b>249,350</b>
<b>Expense measures</b>						
Future Fund - timing of drawdowns	1.1					
Administered expenses		-	-	-	-	11,436
<b>Total</b>		-	-	-	-	<b>11,436</b>
<b>Total expense measures</b>						
Administered		-	-	-	-	11,436
<b>Total</b>		-	-	-	-	<b>11,436</b>

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

## Section 2: Outcomes and planned performance

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

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

**Note:**

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

The most recent corporate plan for FFMA can be found at: <http://www.futurefund.gov.au/about-us/access-to-information/parliamentary-and-statutory-reporting>.

The most recent FFMA Annual Report can be found at: <http://www.futurefund.gov.au/about-us/annual-reports>.

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1:** Make provision for the Commonwealth's unfunded superannuation liabilities, payments for the creation and development of infrastructure, and payments from the DisabilityCare Australia Fund and Medical Research Future Fund by managing the investment activities of the Future Fund, Nation-building Funds, DisabilityCare Australia Fund and Medical Research Future Fund, in line with the Government's investment mandates.

### Linked programs

<b>Department of Finance</b>
<b>Programs</b> <ul style="list-style-type: none"> <li>• Program 2.7 - Public Sector Superannuation</li> </ul>
<b>Contribution to Outcome 1 made by linked programs</b> The Future Fund Management Agency works with the Department of Finance to ensure that the management of the Australian Government Investment Funds is consistent with the relevant legislation and investment mandates.

### Budgeted expenses for Outcome 1

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

**Table 2.1.1: Budgeted expenses for Outcome 1**

<b>Outcome 1: Make provision for the Commonwealth's unfunded superannuation liabilities, payments for the creation and development of infrastructure, and payments from the DisabilityCare Australia Fund and Medical Research Future Fund by managing the investment activities of the Future Fund, Nation-building Funds, DisabilityCare Australia Fund and Medical Research Future Fund, in line with the Government's investment mandates.</b>					
	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 1.1: Management of the Investment of the Future Fund</b>					
Departmental expenses					
Special accounts					
Future Fund Special Account	56,923	69,720	74,087	75,755	77,772
<b>Departmental total</b>	<b>56,923</b>	<b>69,720</b>	<b>74,087</b>	<b>75,755</b>	<b>77,772</b>
<b>Total expenses for Program 1.1</b>	<b>56,923</b>	<b>69,720</b>	<b>74,087</b>	<b>75,755</b>	<b>77,772</b>
<b>Program 1.2: Management of the Investment of the Australian Government Investment Funds</b>					
Departmental expenses					
Special accounts					
Future Fund Special Account	2,075	2,717	3,335	4,772	6,305
<b>Departmental total</b>	<b>2,075</b>	<b>2,717</b>	<b>3,335</b>	<b>4,772</b>	<b>6,305</b>
<b>Total expenses for Program 1.2</b>	<b>2,075</b>	<b>2,717</b>	<b>3,335</b>	<b>4,772</b>	<b>6,305</b>
<b>Outcome 1 Totals by appropriation type</b>					
Departmental expenses					
Special accounts					
Future Fund Special Account	58,998	72,437	77,422	80,527	84,077
<b>Departmental total</b>	<b>58,998</b>	<b>72,437</b>	<b>77,422</b>	<b>80,527</b>	<b>84,077</b>
<b>Total expenses for Outcome 1</b>	<b>58,998</b>	<b>72,437</b>	<b>77,422</b>	<b>80,527</b>	<b>84,077</b>
<hr/>					
	2016-17	2017-18			
<b>Average staffing level (number)</b>	138	167			

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



**Table 2.1.2: Performance criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p><b>Outcome 1 – Make provision for the Commonwealth’s unfunded superannuation liabilities, payments for the creation and development of infrastructure, and payments from the DisabilityCare Australia Fund and Medical Research Future Fund by managing the investment activities of the Future Fund, Nation-building Funds, DisabilityCare Australia Fund and Medical Research Future Fund, in line with the Government’s investment mandates.</b></p>		
<p><b>Program 1.1 – Management of the Investment of the Future Fund</b> The FFMA supports the Board in investing to accumulate assets for the purpose of offsetting the unfunded superannuation liabilities of the Australian Government which will fall due on future generations.</p>		
<p><b>Delivery</b></p>	<ul style="list-style-type: none"> <li>• Ensure all decisions of the Board of Guardians are given effect as directed by the Board within timeframes and quality levels agreed with the Board.</li> <li>• Ensure all investments are made in accordance with relevant legislation, Investment Mandate and ministerial directions.</li> <li>• Provide administrative services to the Board.</li> <li>• Provide information and recommendations to the Board.</li> <li>• Advise the Board about the performance of the Board’s functions.</li> <li>• Make resources and facilities available to the Board.</li> </ul>	
<p><b>Performance information: Program 1.1 – Management of the Investment of the Future Fund</b></p>		
<p><b>Year</b></p>	<p><b>Performance criteria</b></p>	<p><b>Targets</b></p>
2016-17	Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk.	As at 31 March 17 the actual return was 7.7% compared to the target return of 6.9% since May 2006.
2017-18	Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk.	To achieve a return above the long-term target return with acceptable but not excessive risk.
2018-19 and beyond	Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk.	To achieve a return above the long-term target return with acceptable but not excessive risk.
<p><b>Purposes</b></p>	<p>The Agency supports the Board in maximising the returns on funds for which the Board is responsible in line with the Investment Mandate Directions for each fund.</p>	

Table continues on next page.

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

<p><b>Program 1.2 – Management of the Investment of the Australian Government Investment Funds</b></p> <p>The <i>Nation-building Funds Act 2008</i> established the Education Investment Fund and the Building Australia Fund on 1 January 2009. The <i>DisabilityCare Australia Fund Act 2013</i> established the DisabilityCare Australia Fund (DCAF) on 1 July 2014. The <i>Medical Research Future Fund Act 2015</i> established the Medical Research Future Fund on 27 August 2015. The role of the FFMA was extended to include supporting the Board in the investment of the assets of these funds.</p>		
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• Ensure all decisions of the Board of Guardians are given effect as directed by the Board within timeframes and quality levels agreed with the Board.</li> <li>• Ensure all investments are made in accordance with relevant legislation, Investment Mandate and ministerial directions.</li> <li>• Provide administrative services to the Board.</li> <li>• Provide information and recommendations to the Board.</li> <li>• Advise the Board about the performance of the Board's functions.</li> <li>• Make resources and facilities available to the Board.</li> </ul>	
<p><b>Performance information: Program 1.2 – Management of the Investment of the Australian Government Investment Funds</b></p>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2016-17	<p>Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows:</p> <ul style="list-style-type: none"> <li>• for each of the Nation-building Funds and the DisabilityCare Australia Fund of the Australian three month bank bill swap rate plus 0.3% per annum, calculated on a rolling 12 month basis while minimising the probability of capital loss over a 12 month horizon;</li> <li>• For the Medical Research Future Fund the Reserve Bank of Australia Cash Rate target +1.5 to 2.0 per cent per annum, net of investment fees, over a rolling 10 year term with acceptable but not excessive risk.</li> </ul>	<p>As at 31 March 2017 actual returns:</p> <ul style="list-style-type: none"> <li>• Building Australia Fund 2.5%;</li> <li>• Education Investment Fund 2.5%;</li> <li>• DisabilityCare Australia Fund 2.7%; and</li> <li>• Target benchmark return 2.2%.</li> </ul> <p>As at 31 March 2017 the actual return was 3.8% compared to the target return of 3.1% since 1 December 2015.</p>
2017-18	<p>Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows:</p> <ul style="list-style-type: none"> <li>• for each of the Nation-building Funds and the DisabilityCare Australia Fund of the Australian three month bank bill swap rate plus 0.3% per annum, calculated on a rolling 12 month basis while minimising the probability of capital loss over a 12 month horizon;</li> <li>• for the Medical Research Future Fund the Reserve Bank of Australia Cash Rate target +1.5 to 2.0 per cent per annum, net of investment fees, over a rolling 10 year term with acceptable but not excessive risk.</li> </ul>	<p>To achieve a return above the target return and with regard to the risk parameters of the mandate.</p>

Table continues on next page.

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

<b>Performance information: Program 1.2 – Management of the Investment of the Australian Government Investment Funds</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018-19 and beyond	<p>Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows:</p> <ul style="list-style-type: none"> <li>• for each of the Nation-building Funds and the DisabilityCare Australia Fund of the Australian three month bank bill swap rate plus 0.3% per annum, calculated on a rolling 12 month basis while minimising the probability of capital loss over a 12 month horizon;</li> <li>• for the Medical Research Future Fund the Reserve Bank of Australia Cash Rate target +1.5 to 2.0 per cent per annum, net of investment fees, over a rolling 10 year term with acceptable but not excessive risk.</li> </ul>	To achieve a return above the target return and with regard to the risk parameters of the mandate.
<b>Purposes</b>	The Agency supports the Board in maximising the returns on funds for which the Board is responsible in line with the Investment Mandate Directions for each fund.	

## Section 3: Budgeted financial statements

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

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

No material differences exist between entity resourcing and the financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

Departmental expenditure will increase over the 2017-18 estimate year in line with maintaining and developing the Agency's ability to support the Board in managing the Future Fund and other Australian Government Investment Funds.

Administered expenditure will increase over the 2017-18 estimate year as a result of the expected growth of the portfolio and the evolution of the asset allocation in line with the Board's investment strategy.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	39,755	45,383	49,366	52,879	55,575
Suppliers	16,886	24,083	24,959	24,422	25,140
Depreciation and amortisation	2,513	3,127	3,253	3,382	3,518
<b>Total expenses</b>	<b>59,154</b>	<b>72,593</b>	<b>77,578</b>	<b>80,683</b>	<b>84,233</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Other	58,998	72,437	77,422	80,527	84,077
<b>Total own-source revenue</b>	<b>58,998</b>	<b>72,437</b>	<b>77,422</b>	<b>80,527</b>	<b>84,077</b>
<b>Gains</b>					
Other	156	156	156	156	156
<b>Total gains</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>
<b>Total own-source income</b>	<b>59,154</b>	<b>72,593</b>	<b>77,578</b>	<b>80,683</b>	<b>84,233</b>
<b>Net (cost of)/contribution by services</b>	-	-	-	-	-
<b>Surplus/(deficit) attributable to the Australian Government</b>	-	-	-	-	-
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,380	1,380	1,380	1,380	1,380
Trade and other receivables	16,832	17,082	20,853	24,770	28,180
<b>Total financial assets</b>	<b>18,212</b>	<b>18,462</b>	<b>22,233</b>	<b>26,150</b>	<b>29,560</b>
<b>Non-financial assets</b>					
Property, plant and equipment	2,612	4,332	4,525	4,552	4,403
Intangibles	4,701	4,248	3,730	3,291	2,936
<b>Total non-financial assets</b>	<b>7,313</b>	<b>8,580</b>	<b>8,255</b>	<b>7,843</b>	<b>7,339</b>
<b>Total assets</b>	<b>25,525</b>	<b>27,042</b>	<b>30,488</b>	<b>33,993</b>	<b>36,899</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	2,157	2,297	2,465	2,633	2,802
<b>Total payables</b>	<b>2,157</b>	<b>2,297</b>	<b>2,465</b>	<b>2,633</b>	<b>2,802</b>
<b>Provisions</b>					
Employee provisions	22,579	23,600	27,165	30,789	33,813
Other provisions	789	1,145	858	571	284
<b>Total provisions</b>	<b>23,368</b>	<b>24,745</b>	<b>28,023</b>	<b>31,360</b>	<b>34,097</b>
<b>Total liabilities</b>	<b>25,525</b>	<b>27,042</b>	<b>30,488</b>	<b>33,993</b>	<b>36,899</b>
<b>Net assets</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

The FFMA does not have any changes in equity.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	63,429	72,830	73,651	76,610	80,667
<b>Total cash received</b>	<b>63,429</b>	<b>72,830</b>	<b>73,651</b>	<b>76,610</b>	<b>80,667</b>
<b>Cash used</b>					
Employees	37,454	44,335	45,773	49,226	52,521
Suppliers	21,804	24,101	24,950	24,414	25,132
<b>Total cash used</b>	<b>59,258</b>	<b>68,436</b>	<b>70,723</b>	<b>73,640</b>	<b>77,653</b>
<b>Net cash from/(used by) operating activities</b>	<b>4,171</b>	<b>4,394</b>	<b>2,928</b>	<b>2,970</b>	<b>3,014</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	4,171	4,394	2,928	2,970	3,014
<b>Total cash used</b>	<b>4,171</b>	<b>4,394</b>	<b>2,928</b>	<b>2,970</b>	<b>3,014</b>
<b>Net cash from/(used by) investing activities</b>	<b>(4,171)</b>	<b>(4,394)</b>	<b>(2,928)</b>	<b>(2,970)</b>	<b>(3,014)</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	1,380	1,380	1,380	1,380	1,380
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>	<b>1,380</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	4,171	4,394	2,928	2,970	3,014
<b>TOTAL</b>	<b>4,171</b>	<b>4,394</b>	<b>2,928</b>	<b>2,970</b>	<b>3,014</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	4,171	4,394	2,928	2,970	3,014
<b>Total cash used to acquire assets</b>	<b>4,171</b>	<b>4,394</b>	<b>2,928</b>	<b>2,970</b>	<b>3,014</b>

Prepared on Australian Accounting Standards basis.



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

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2017</b>			
Gross book value	7,358	9,067	16,425
Accumulated depreciation/ amortisation and impairment	(4,746)	(4,366)	(9,112)
<b>Opening net book balance</b>	<b>2,612</b>	<b>4,701</b>	<b>7,313</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase - other	2,950	1,444	4,394
<b>Total additions</b>	<b>2,950</b>	<b>1,444</b>	<b>4,394</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(1,230)	(1,897)	(3,127)
<b>Total other movements</b>	<b>(1,230)</b>	<b>(1,897)</b>	<b>(3,127)</b>
<b>As at 30 June 2018</b>			
Gross book value	10,308	10,511	20,819
Accumulated depreciation/ amortisation and impairment	(5,976)	(6,263)	(12,239)
<b>Closing net book balance</b>	<b>4,332</b>	<b>4,248</b>	<b>8,580</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	889	915	943	972	1,001
Suppliers	373,202	421,238	447,607	470,439	497,363
<b>Total expenses administered on behalf of Government</b>	<b>374,091</b>	<b>422,153</b>	<b>448,550</b>	<b>471,411</b>	<b>498,364</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Non-taxation revenue</b>					
Interest	837,240	956,502	1,118,043	1,191,834	1,272,878
Dividends	2,490,457	2,858,296	3,030,988	3,231,033	3,450,743
<b>Total non-taxation revenue</b>	<b>3,327,697</b>	<b>3,814,798</b>	<b>4,149,031</b>	<b>4,422,867</b>	<b>4,723,621</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>3,327,697</b>	<b>3,814,798</b>	<b>4,149,031</b>	<b>4,422,867</b>	<b>4,723,621</b>
<b>Gains</b>					
Other gains	4,482,274	4,789,540	5,134,504	5,747,872	6,431,117
<b>Total gains administered on behalf of Government</b>	<b>4,482,274</b>	<b>4,789,540</b>	<b>5,134,504</b>	<b>5,747,872</b>	<b>6,431,117</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>7,809,971</b>	<b>8,604,338</b>	<b>9,283,535</b>	<b>10,170,739</b>	<b>11,154,738</b>
<b>Net (cost of)/contribution by services</b>	<b>7,435,880</b>	<b>8,182,185</b>	<b>8,834,985</b>	<b>9,699,328</b>	<b>10,656,374</b>
<b>Total comprehensive income/(loss)</b>	<b>7,435,880</b>	<b>8,182,185</b>	<b>8,834,985</b>	<b>9,699,328</b>	<b>10,656,374</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,583	1,630	1,679	1,729	1,781
Trade and other receivables	2,392,242	2,500,076	2,525,894	2,553,476	2,582,942
Other investments	129,326,944	137,530,369	146,387,732	156,105,024	166,776,390
<b>Total financial assets</b>	<b>131,720,769</b>	<b>140,032,075</b>	<b>148,915,305</b>	<b>158,660,229</b>	<b>169,361,113</b>
<b>Total assets administered on behalf of Government</b>	<b>131,720,769</b>	<b>140,032,075</b>	<b>148,915,305</b>	<b>158,660,229</b>	<b>169,361,113</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	105,564	136,299	180,926	222,961	264,441
Other payables	1,443,593	1,541,977	1,545,593	1,549,151	1,552,178
<b>Total payables</b>	<b>1,549,157</b>	<b>1,678,276</b>	<b>1,726,519</b>	<b>1,772,112</b>	<b>1,816,619</b>
<b>Provisions</b>					
Employee provisions	82	84	86	89	92
<b>Total provisions</b>	<b>82</b>	<b>84</b>	<b>86</b>	<b>89</b>	<b>92</b>
<b>Total liabilities administered on behalf of Government</b>	<b>1,549,239</b>	<b>1,678,360</b>	<b>1,726,605</b>	<b>1,772,201</b>	<b>1,816,711</b>
<b>Net assets/(liabilities)</b>	<b>130,171,530</b>	<b>138,353,715</b>	<b>147,188,700</b>	<b>156,888,028</b>	<b>167,544,402</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest	816,092	956,502	1,118,043	1,191,834	1,272,878
Dividends	2,345,678	2,908,933	3,005,241	3,203,526	3,421,357
Net GST received	5,444	966	1,032	1,103	1,178
<b>Total cash received</b>	<b>3,167,214</b>	<b>3,866,401</b>	<b>4,124,316</b>	<b>4,396,463</b>	<b>4,695,413</b>
<b>Cash used</b>					
Suppliers	303,167	320,213	328,887	352,643	378,105
Employees	845	913	941	969	998
Other	58,771	69,630	70,471	72,197	74,745
<b>Total cash used</b>	<b>362,783</b>	<b>390,756</b>	<b>400,299</b>	<b>425,809</b>	<b>453,848</b>
<b>Net cash from/(used by) operating activities</b>	<b>2,804,431</b>	<b>3,475,645</b>	<b>3,724,017</b>	<b>3,970,654</b>	<b>4,241,565</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of investments	127,464,927	131,288,875	135,227,541	139,284,367	143,462,898
<b>Total cash received</b>	<b>127,464,927</b>	<b>131,288,875</b>	<b>135,227,541</b>	<b>139,284,367</b>	<b>143,462,898</b>
<b>Cash used</b>					
Investments	130,270,341	134,764,473	138,951,509	143,254,971	147,704,411
<b>Total cash used</b>	<b>130,270,341</b>	<b>134,764,473</b>	<b>138,951,509</b>	<b>143,254,971</b>	<b>147,704,411</b>
<b>Net cash from/(used by) investing activities</b>	<b>(2,805,414)</b>	<b>(3,475,598)</b>	<b>(3,723,968)</b>	<b>(3,970,604)</b>	<b>(4,241,513)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(983)</b>	<b>47</b>	<b>49</b>	<b>50</b>	<b>52</b>
Cash and cash equivalents at beginning of reporting period	2,566	1,583	1,630	1,679	1,729
<b>Cash and cash equivalents at end of reporting period</b>	<b>1,583</b>	<b>1,630</b>	<b>1,679</b>	<b>1,729</b>	<b>1,781</b>

Prepared on Australian Accounting Standards basis.

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

The FFMA has no budgeted capital administered on behalf of the Government.

**Table 3.11: Statement of administered asset movements (Budget year 2017-18)**

The FFMA has no budgeted non-financial assets administered on behalf of the Government.

# **INDEPENDENT PARLIAMENTARY EXPENSES AUTHORITY**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# INDEPENDENT PARLIAMENTARY EXPENSES AUTHORITY

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# **INDEPENDENT PARLIAMENTARY EXPENSES AUTHORITY**

## **Section 1: Entity overview and resources**

### **1.1 STRATEGIC DIRECTION STATEMENT**

The Independent Parliamentary Expenses Authority (IPEA) is a new independent authority with responsibilities relating to work expenses of parliamentarians and their staff.

The IPEA is responsible for the following functions:

- advising parliamentarians on travel expenses, allowances, and related expenses;
- monitoring parliamentarians' use of travel expenses, allowances, and related expenses;
- administering travel expenses, allowances, and related expenses, including processing of these claims;
- reporting on work expenses under the existing parliamentary work expenses framework;
- auditing of work expenses under the existing parliamentary work expenses framework; and
- making rulings about travel expenses and allowances, where authorised by a law to do so.

Between 3 April and 1 July 2017 the IPEA will operate as an executive agency. From 1 July 2017 the IPEA will become a statutory authority.



## 1.2 ENTITY RESOURCE STATEMENT

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

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

Information in this table is presented on a resourcing (i.e. funding available) basis, whilst the 'Budgeted Expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Independent Parliamentary Expenses Authority resource statement — Budget estimates for 2017-18 as at Budget May 2017**

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Departmental appropriation	2,227	10,142
<i>Total departmental annual appropriations</i>	2,227	10,142
<b>Total departmental resourcing</b>	<b>2,227</b>	<b>10,142</b>
<b>Administered</b>		
Outcome 1	9,221	34,362
<i>Total administered annual appropriations</i>	9,221	34,362
<i>Total administered special appropriations (b)</i>	9,520	31,475
<b>Total administered resourcing</b>	<b>18,741</b>	<b>65,837</b>
<b>Total resourcing for Independent Parliamentary Expenses</b>	<b>20,968</b>	<b>75,979</b>
	2016-17	2017-18
<b>Average staffing level (number)</b>	16	66

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

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

(g) For further information on special appropriations, please refer to *Budget Paper No.4 – Agency Resourcing*.

Please also refer to Table 2.1.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations and special appropriations.

The IPEA received transfers of appropriations from the Department of Finance under Section 75 of the PGPA as a result of an Administrative Arrangement Order that established the IPEA as an Executive agency on 3 April 2017. IPEA will operate as an Executive agency from 3 April 2017 to 30 June 2017. IPEA will operate as a statutory authority from 1 July 2017.

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

### 1.3 BUDGET MEASURES

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

**Table 1.2: Independent Parliamentary Expenses Authority 2017-18 Budget Measures**

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

	Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Expense measures</b>						
Independent Parliamentary Expenses	1.1					
Authority - establishment						
Departmental expenses		954	3,068	3,053	3,052	3,069
<b>Total</b>		<b>954</b>	<b>3,068</b>	<b>3,053</b>	<b>3,052</b>	<b>3,069</b>
<b>Total expense measures</b>						
Departmental		954	3,068	3,053	3,052	3,069
<b>Total</b>		<b>954</b>	<b>3,068</b>	<b>3,053</b>	<b>3,052</b>	<b>3,069</b>

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

## Section 2: Outcomes and planned performance

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

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

**Note:**

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

The IPEA was established on 3 April 2017 as an Executive Agency and from 1 July 2017 will operate as a Statutory Authority. At the time of the publication of the Portfolio Budget Statements, the corporate plan for IPEA is under development.

An annual performance statement has not yet been completed as IPEA is a new entity.

## 2. CHANGES TO OUTCOME AND PROGRAM STRUCTURES

**Table 2: Changes to the Outcome and Program Structures since the last portfolio statement**

<b>New Outcome Statement</b>	<i>Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of, independent oversight and advice on, work resources and travel resources.</i>
Description of change:	Change of name to outcome in Budget 2017-18.
Old Outcome Statement:	<i>Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance.</i>

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1:** Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of, independent oversight and advice on, work resources and travel resources.

### Linked programs

<b>Department of Finance</b>
<b>Programs</b> <ul style="list-style-type: none"><li>• <b>Program 3.1 - Ministerial and Parliamentary Services</b></li></ul>
<b>Contribution to Outcome 1 made by linked programs</b> <p>The IPEA administers and advises on travel related work expenses, and provides independent oversight of the work expenses administered by the Department of Finance for current and former Parliamentarians and their staff.</p>

### Budgeted expenses for Outcome 1

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

**Table 2.1.1: Budgeted expenses for Outcome 1**

**Outcome 1: Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of, independent oversight and advice on, work resources and travel resources.**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>Program 1.1: Independent Parliamentary Expenses Authority - Travel Oversight and Reporting</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Members of Parliament Staff Travel Costs	9,221	34,362	34,894	35,435	35,984
Special appropriations					
<i>Parliamentary Retirement Travel Act 2002</i>	-	445	494	544	593
<i>Parliamentary Entitlements Act 1990</i>	9,520	31,030	31,465	36,105	32,352
<b>Administered total</b>	<b>18,741</b>	<b>65,837</b>	<b>66,853</b>	<b>72,084</b>	<b>68,929</b>
Departmental expenses					
Departmental appropriation	2,227	10,142	9,971	9,968	10,025
Expenses not requiring appropriation in the Budget year (a)	420	-	-	-	-
<b>Departmental total</b>	<b>2,647</b>	<b>10,142</b>	<b>9,971</b>	<b>9,968</b>	<b>10,025</b>
<b>Total expenses for Program 1.1</b>	<b>21,388</b>	<b>75,979</b>	<b>76,824</b>	<b>82,052</b>	<b>78,954</b>
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Special appropriations	9,520	31,475	31,959	36,649	32,945
<b>Administered total</b>	<b>18,741</b>	<b>65,837</b>	<b>66,853</b>	<b>72,084</b>	<b>68,929</b>
Departmental expenses					
Departmental appropriation	2,227	10,142	9,971	9,968	10,025
Expenses not requiring appropriation in the Budget year (a)	420	-	-	-	-
<b>Departmental total</b>	<b>2,647</b>	<b>10,142</b>	<b>9,971</b>	<b>9,968</b>	<b>10,025</b>
<b>Total expenses for Outcome 1</b>	<b>21,388</b>	<b>75,979</b>	<b>76,824</b>	<b>82,052</b>	<b>78,954</b>
<b>Average staffing level (number)</b>					
	2016-17	2017-18			
	16	66			

(a) Expenses not requiring appropriation in the Budget year is made up of resources provided free of charge by the Department of Finance.

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

**Table 2.1.2: Performance Criteria for Outcome 1**

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1 - Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of, independent oversight and advice on, work resources and travel resources.</b>		
<b>Program 1.1 – Independent Parliamentary Expenses Authority – Travel Oversight and Reporting</b> The IPEA provides services to Parliamentarians and their staff and publically reports on their expenditure.		
<b>Delivery</b>	The IPEA's objective is to administer and advise on travel related work expenses, and provide independent oversight of the work expenses provided to current and former Parliamentarians and their staff through its auditing and reporting functions.	
<b>Performance information: Program 1.1 - Independent Parliamentary Expenses Authority – Travel Oversight and Reporting</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2016-17	<ul style="list-style-type: none"> <li>Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards.</li> </ul>	<ul style="list-style-type: none"> <li>95% of client contacts acknowledged within 24 hours and responded to within agreed timeframes.</li> <li>95% of payments will be made within agreed timeframes.</li> <li>100% of Monthly Management Reports are being distributed by the 15th of each month.</li> </ul>
2017-18	<ul style="list-style-type: none"> <li>Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards.</li> </ul>	<ul style="list-style-type: none"> <li>95% of client contacts acknowledged within 24 hours and responded to within agreed timeframes.</li> <li>95% of payments will be made within agreed timeframes.</li> <li>100% of Monthly Management Reports are being distributed by the 15th of each month.</li> <li>100% of Parliamentary expenditure reports will be compiled and published within agreed timeframes.</li> <li>100% of audits of individual Parliamentarian's expenses are being completed within agreed timeframes.</li> </ul>

Table continues on next page

**Table 2.1.2: Performance criteria for Outcome 1 (continued)**

<b>Performance information: Program 1.1 - Independent Parliamentary Expenses Authority – Travel Oversight and Reporting</b>		
<b>Year</b>	<b>Performance Criteria</b>	<b>Targets</b>
2018-19 and beyond	<ul style="list-style-type: none"> <li>Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards.</li> </ul>	<ul style="list-style-type: none"> <li>As per 2017-18</li> </ul>
<b>Purposes</b>	Provide independent monitoring, auditing and reporting of the work expenses paid to current and former parliamentarians and their staff. Deliver services relating to the administration of travel expenses, allowances, and related expenses including advice on, and processing of, these claims.	
<b>Material changes to Program 1.1 resulting from the following measures:</b>		
Measure title – Independent Parliamentary Expenses Authority – establishment.		

## Section 3: Budgeted financial statements

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

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Differences between entity resourcing and financial statements**

No material differences exist between entity resourcing and the financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The departmental and administered financial statements of IPEA reflect the transfer of resourcing under section 75 of the PGPA Act as a result of an Administrative Arrangement Order that came into effect from 3 April 2017. From the 3 April until 30 June 2017 IPEA will be the interim authority and will operate as an Executive Agency. The IPEA will be established a separate statutory authority from 1 July 2017.

#### **Budgeted Statement of Comprehensive Income – Departmental**

IPEA is forecasting a break even result 2016-17 and across the forward estimates.

#### **Balance Sheet – Departmental**

IPEA's balance sheet reflects its status as a new entity that is in its establishment stage. The value of assets and liabilities reported reflect the transfer of employees to IPEA as a result of the Machinery of Government change. At the time of its establishment, IPEA held no non-financial assets.

#### **Schedule of budgeted income and expenses – Administered**

IPEA is budgeting to spend \$18.7m in administered expenses in 2016-17 increasing to \$65.8m in 2017-18 on work and travel expenses for current and former parliamentarians and others. The movement between financial years reflects the full year impact of these expenses in 2017-18.

#### **Budgeted Statement of Comprehensive Income – Administered**

On its establishment as a new entity, the administered assets and liabilities administered on behalf of the government are budgeted to be \$0.1m and \$4.6m respectively in 2016-17 and \$0.1m and \$7.6m respectively in 2017-18. These amounts reflect the balances agreed as part of the Machinery of Government change, noting that 2016-17 reflects a part year impact only.



### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	1,724	7,196	7,061	7,059	7,099
Suppliers	923	2,946	2,910	2,909	2,926
<b>Total expenses</b>	<b>2,646</b>	<b>10,142</b>	<b>9,971</b>	<b>9,968</b>	<b>10,025</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Gains</b>					
Other	420	-	-	-	-
<b>Total gains</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (cost of)/contribution by services</b>	<b>(2,227)</b>	<b>(10,142)</b>	<b>(9,971)</b>	<b>(9,968)</b>	<b>(10,025)</b>
Revenue from Government	2,227	10,142	9,971	9,968	10,025
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17	2017-18	2018-19	2019-20	2020-21
	Estimated	Budget	Forw ard	Forw ard	Forw ard
	actual		estimate	estimate	estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	1,123	1,123	1,123	1,123	1,123
<b>Total financial assets</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>
<b>Total assets</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employee provisions	1,123	1,123	1,123	1,123	1,123
<b>Total provisions</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>
<b>Total liabilities</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>	<b>1,123</b>
<b>Net assets</b>	-	-	-	-	-
<b>EQUITY*</b>					
Retained surplus (accumulated deficit)	-	-	-	-	-
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

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

The IPEA does not have any changes in equity.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	2,227	10,142	9,971	9,968	10,025
Other	1,123	1,123	-	-	-
<b>Total cash received</b>	<b>3,350</b>	<b>11,265</b>	<b>9,971</b>	<b>9,968</b>	<b>10,025</b>
<b>Cash used</b>					
Employees	1,724	7,196	7,061	7,059	7,099
Suppliers	503	2,946	2,910	2,909	2,926
s74 Retained revenue receipts transferred to OPA	1,123	1,123	-	-	-
<b>Total cash used</b>	<b>3,350</b>	<b>11,265</b>	<b>9,971</b>	<b>9,968</b>	<b>10,025</b>
<b>Net cash from/(used by) operating activities</b>	-	-	-	-	-
<b>Net increase/(decrease) in cash held</b>	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-	-	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

Table 3.5 is not included as at the time of implementing the Machinery of Government change IPEA did not have any budgeted capital expenditure.

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

The IPEA has no budgeted non-financial assets.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000	2020-21 Forw ard estimate \$'000
<b>EXPENSES</b>					
Suppliers	18,741	65,837	66,853	72,084	68,929
<b>Total expenses administered on behalf of Government</b>	<b>18,741</b>	<b>65,837</b>	<b>66,853</b>	<b>72,084</b>	<b>68,929</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Own-source revenue	-	-	-	-	-
<b>Total own-source revenue administered on behalf of Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (cost of)/contribution by services</b>	<b>(18,741)</b>	<b>(65,837)</b>	<b>(66,853)</b>	<b>(72,084)</b>	<b>(68,929)</b>
<b>Total comprehensive income/(loss)</b>	<b>(18,741)</b>	<b>(65,837)</b>	<b>(66,853)</b>	<b>(72,084)</b>	<b>(68,929)</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	108	108	108	108	108
<b>Total financial assets</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>
<b>Total assets administered on behalf of Government</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	3,945	3,945	3,945	3,945	3,945
<b>Total payables</b>	<b>3,945</b>	<b>3,945</b>	<b>3,945</b>	<b>3,945</b>	<b>3,945</b>
<b>Provisions</b>					
Other provisions	619	3,619	3,619	3,619	3,619
<b>Total provisions</b>	<b>619</b>	<b>3,619</b>	<b>3,619</b>	<b>3,619</b>	<b>3,619</b>
<b>Total liabilities administered on behalf of Government</b>	<b>4,564</b>	<b>7,564</b>	<b>7,564</b>	<b>7,564</b>	<b>7,564</b>
<b>Net assets/(liabilities)</b>	<b>(4,456)</b>	<b>(7,456)</b>	<b>(7,456)</b>	<b>(7,456)</b>	<b>(7,456)</b>

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash used</b>					
Suppliers	18,741	65,837	66,853	72,084	68,929
<b>Total cash used</b>	<b>18,741</b>	<b>65,837</b>	<b>66,853</b>	<b>72,084</b>	<b>68,929</b>
<b>Net cash from/(used by) operating activities</b>	<b>(18,741)</b>	<b>(65,837)</b>	<b>(66,853)</b>	<b>(72,084)</b>	<b>(68,929)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(18,741)</b>	<b>(65,837)</b>	<b>(66,853)</b>	<b>(72,084)</b>	<b>(68,929)</b>
Cash and cash equivalents at beginning of reporting period					
Cash from Official Public Account for:					
- Appropriations	18,741	65,837	66,853	72,084	68,929
<b>Total cash from Official Public Account</b>	<b>18,741</b>	<b>65,837</b>	<b>66,853</b>	<b>72,084</b>	<b>68,929</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

The IPEA has no budgeted capital administered on behalf of the Government.

**Table 3.11: Statement of administered asset movements (Budget year 2017-18)**

The IPEA has no budgeted non-financial assets administered on behalf of the Government.

## PORTFOLIO GLOSSARY

<b>Term</b>	<b>Meaning</b>
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered Items	Expenses, revenues, assets or liabilities managed by entities on behalf of the Commonwealth. Entities do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional Estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Additional Estimates Bills or Acts	These are Appropriation Bills (No.3) and (No.4), and a separate Bill for the Parliamentary Departments ((Parliamentary Departments) Bill (No.2)). These Bills are introduced into Parliament after the Budget Bills.
Appropriation	A law of the Australian Parliament that provides authority for Commonwealth entities to spend money from the Consolidated Revenue Fund for a particular purpose. Entities may not spend money without an appropriation authorising that expenditure and, where necessary, other legislation authorising the specified purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget. Further Bills are introduced later in the financial year as part of the Additional Estimates. Parliamentary departments have their own appropriations.
Capital Expenditure	Expenditure by an entity on capital projects, for example purchasing a building.
Charter of Budget Honesty Act	The <i>Charter of Budget Honesty Act 1998</i> provides a legislative framework for the conduct and reporting of fiscal policy.

## Glossary

Departmental terms	Assets, liabilities, revenues and expenses that are controlled by the entity in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation and Amortisation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Equity or Net Assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair Value	Valuation methodology: The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Measure	A new policy or savings decision of the government with financial impacts.
Operating Result	Equals income less expense.
Outcomes	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community influenced by the actions of the Australian Government. Actual outcomes are the results or impacts actually achieved.
Portfolio	A Minister's area of responsibility as a member of Cabinet. A portfolio consists of one or more Departments of State and a number of entities with similar general objectives and outcomes.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013.</i>



Revenue	Total value of resources earned or received to cover the production of goods and services or increases in future economic benefits in the form of increases in assets or reductions in liabilities of an entity.
Special Accounts	A type of special appropriation, limited by amount, criteria or time, which may be established under sections 78 and 80 of the PGPA Act.
Special Appropriations	Authority within an Act (other than an annual Appropriation Act) to spend money from the Consolidated Revenue Fund for particular purposes. The <i>Social Security (Administration) Act 1999</i> , for example, contains several special appropriations to make social security payments. Special appropriations support around 80 per cent of all government expenditure each year.