

PORTFOLIO BUDGET STATEMENTS 2007-08

DEPARTMENT OF THE SENATE

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

BUDGET RELATED PAPER NO. 1.18 B

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**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

Purpose of the Portfolio Budget Statements

The 2007-08 Portfolio Budget Statements (PBS) provide information to the Senate about the planned outcome and outputs of the Department of the Senate (the department) and the funding proposed in the appropriation bills.

A key role of the department's PBS is to facilitate the understanding of Appropriation (Parliamentary Departments) Bill (No. 1) 2007-08. The PBS are Budget Related Papers and are declared by the appropriation bills to be 'relevant documents' to the interpretation of the bills according to section 15AB of the *Acts Interpretation Act 1901*.

How to read the PBS

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

User Guide to the Portfolio Budget Statements

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

Departmental Overview

A brief overview of the department. Departmental outputs are depicted in a chart outlining the output structure.

Departmental Budget Statements

Section 1: Resources

A reconciliation of agency resourcing information from the 2006-07 *Mid-Year Economic and Fiscal Outlook* to the 2007-08 Budget. Includes key changes to the department's estimates and a table of appropriations and other revenue sources for both administered and departmental appropriations.

Section 2: Outcome and outputs information

A brief description of the department's outcome and, where applicable, Budget measures in summary form. Details the contribution of the department's outputs to the outcome, performance information for the outcome and administered activities, and planned evaluations. Links the resources appropriated and their application to the department's outputs and to administered items.

Section 3: Budgeted financial statements

The department's budgeted financial statements in accrual format, covering the budget year, the previous year and three out-years.

Glossary

Explains key terms.

Departmental and administered items

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

Departmental items

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

Administered items

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

Appropriations in the accrual budgeting framework

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

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to *Budget Paper No. 4: Agency Resourcing 2007-08*.

Components of agency financial statements

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

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

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

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

Statement/Schedule	Purpose
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.

Abbreviations and conventions

The following notation may be used:

DoFA	Department of Finance and Administration
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.