



Budget

2016-17

Portfolio Budget Statements 2016-17
Budget Related Paper No. 1.8

FINANCE Portfolio

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

© Commonwealth of Australia 2016

ISBN 978-1-76044-290-3

This publication is available for your use under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence, with the exception of the Commonwealth Coat of Arms, the Department of Finance (Finance) logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Finance material under a [Creative Commons BY Attribution 3.0 Australia](http://creativecommons.org/licenses/by/3.0/au/legalcode) licence requires you to attribute the work (but not in any way that suggests that Finance endorses you or your use of the work).

Australian Government Department of Finance material used 'as supplied'

Provided you have not modified or transformed Finance material in any way including, for example, by changing Finance text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Finance statistics – then Finance prefers the following attribution:

Source: The Australian Government Department of Finance

Derivative material

If you have modified or transformed Finance material, or derived new material from those of Finance in any way, then Finance prefers the following attribution:

Based on the Australian Government Department of Finance data

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see www.itsanhonour.gov.au)

Other Uses

Inquiries regarding this licence and any other use of this document are welcome at:

Copyright Coordinator
Department of Finance
One Canberra Avenue
FORREST ACT 2603
Email: publications@finance.gov.au



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 2016-17 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

May 2016

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 *2016-17 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) 2016-17 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2016-17 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.

CONTENTS

Portfolio Overview..... 1

Finance Portfolio Overview 1

Entity Resources and Planned Performance 7

Department of Finance 9

Australian Electoral Commission 73

Commonwealth Superannuation Corporation 95

Future Fund Management Agency..... 113

Glossary 135

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 Special Minister of State; and
- The Hon Dr Peter Hendy MP, Assistant Minister for Finance.

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.
- Government on-line delivery and information technology, and communications management.
- Policy advice on the Future Fund and Nation-building Funds, and authorisation of payments from the Nation-building funds to entities.
- Comcover, the Commonwealth's self-managed insurance fund.

The Special Minister of State is responsible for the following:

- Administration of parliamentary entitlements.
- The *Members of Parliament (Staff) Act 1984* employment framework (shared responsibility with the Hon Malcolm Turnbull MP, Prime Minister).
- Government campaign advertising policy.
- Electoral administration and electoral policy.

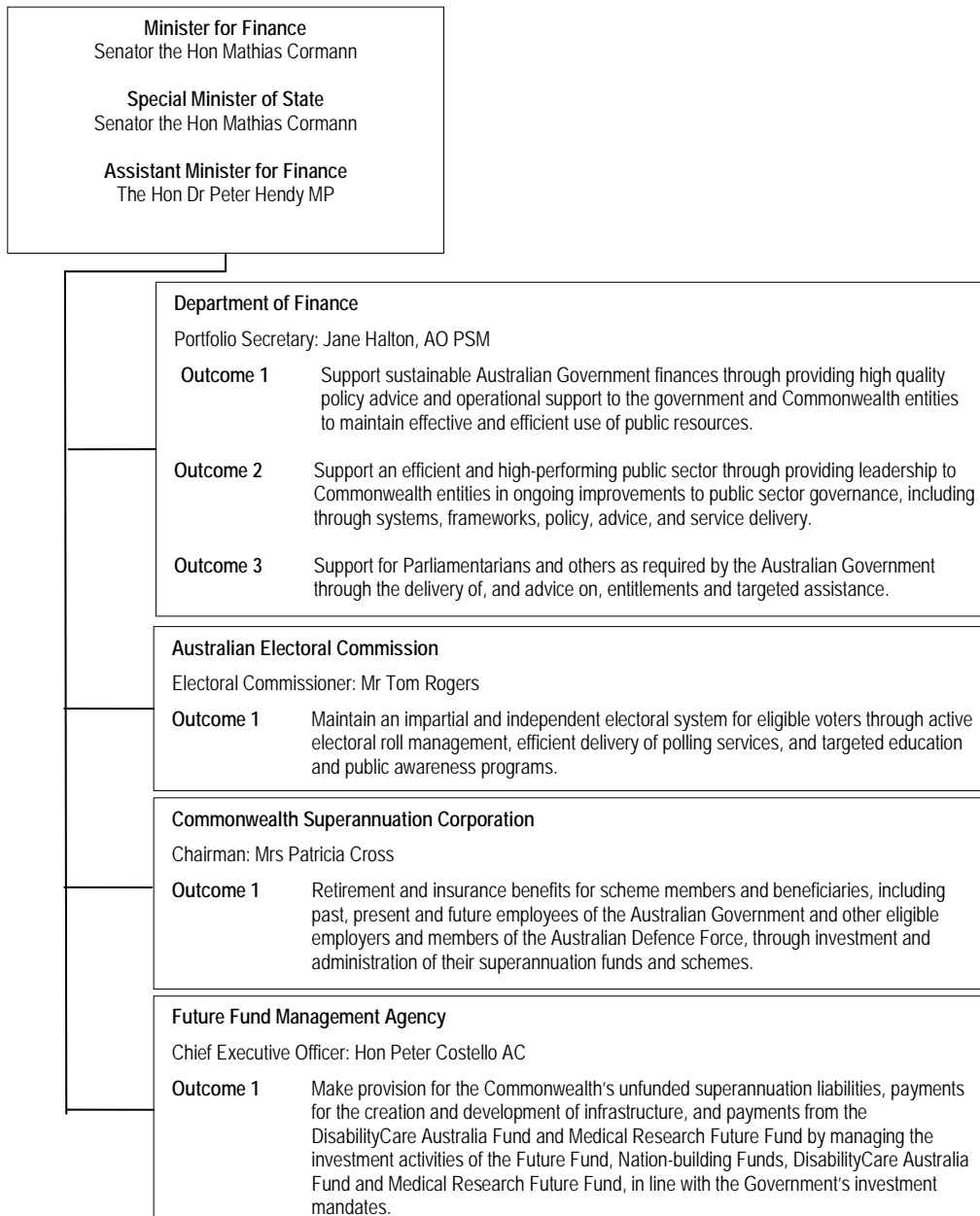
The Assistant Minister for Finance assists the Finance Minister in performing functions in relation to:

- Requests for act of grace payments and waiver of debts.

Portfolio overview

- The Public Works Committee.
- Support the Service Delivery and Co-ordination Committee on the government's campaign advertising arrangements.
- Comcover, the Commonwealth's self-managed insurance fund.
- Responding to correspondence relating to the administration of government superannuation.
- 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.

Figure 1: Finance Portfolio Structure and Outcomes



ENTITY RESOURCES AND PLANNED PERFORMANCE

| | |
|---|-----|
| Department of Finance | 9 |
| Australian Electoral Commission | 73 |
| Commonwealth Superannuation Corporation | 95 |
| Future Fund Management Agency | 113 |

Department of Finance

Entity Resources and Planned Performance

DEPARTMENT OF FINANCE

| | |
|---|-----------|
| Section 1: Entity Overview and Resources | 12 |
| 1.1 Strategic Direction Statement | 12 |
| 1.2 Entity Resource Statement | 14 |
| 1.3 Budget Measures..... | 18 |
| Section 2: Outcomes and Planned Performance..... | 22 |
| 2.1 Budgeted Expenses and Performance for Outcome 1 | 23 |
| 2.2 Budgeted Expenses and Performance for Outcome 2 | 27 |
| 2.3 Budgeted Expenses and Performance for Outcome 3 | 51 |
| Section 3: Budgeted Financial Statements | 56 |
| 3.1 Budgeted Financial Statements..... | 56 |

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 improvement 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 Government Business Enterprises and other commercial entities;
- develops and administers key government policies in relation to Commonwealth land, public works and property management, advertising and the government's use of Information and Communication Technology (ICT) 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), and key Whole of Australian Government (WoAG) purchasing arrangements (such as travel, office equipment, stationery) to ensure efficient and effective management of government resources; 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, entitlements and targeted assistance.*

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 (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 2016-17 as at Budget May 2016

| | 2015-16 estimated actual \$'000 | 2016-17 estimate \$'000 |
|--|--|-------------------------------|
| Departmental | | |
| Prior year appropriations available ^(a) | 813,525 | 830,296 |
| Annual appropriations - ordinary annual services ^(b) | | |
| Outcome 1 | 112,385 | 110,947 |
| Outcome 2 | 122,933 | 130,062 |
| Outcome 3 | 34,997 | 31,901 |
| s74 retained revenue receipts ^(c) | 21,733 | 18,799 |
| Departmental capital budget ^(d) | - | 7,221 |
| Annual appropriations - other services - non-operating ^(e) | | |
| Equity injection | 157,310 | 69,808 |
| Total departmental annual appropriations | 1,262,883 | 1,199,034 |
| Special accounts ^(f) | | |
| Appropriation receipts ^(g) | 151,622 | 131,719 |
| Non-appropriation receipts | 393,921 | 360,577 |
| Total special account receipts | 545,543 | 492,296 |
| less departmental appropriations drawn from annual/special appropriations and credited to special accounts | (151,622) | (131,719) |
| Total departmental resourcing for Department of Finance | 1,656,804 | 1,559,611 |
| Administered | | |
| Annual appropriations - ordinary annual services ^(b) | | |
| Outcome 1 | - | - |
| Outcome 2 | 14,052 | 16,739 |
| Outcome 3 | 273,096 | 276,451 |
| Administered capital budget ^(h) | 4,832 | 4,919 |
| Annual appropriations - other services - non-operating ^(e) | | |
| Administered assets and liabilities | 1,759 | 1,672 |
| Total administered annual appropriations | 293,739 | 299,781 |
| Total administered special appropriations ^(f) | 10,822,933 | 9,955,794 |
| Special accounts ^(f) | | |
| Non-appropriation receipts | 9,885,281 | 8,342,725 |
| Total special account receipts | 9,885,281 | 8,342,725 |
| Total administered resourcing for Department of Finance | 21,001,953 | 18,598,300 |
| Total resourcing for Department of Finance | 22,658,757 | 20,157,911 |
| | | |
| | 2015-16 | 2016-17 |
| Average Staffing Level (number) | 1,295 | 1,323 |

Finance Budget Statements

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

- (a) Represents estimated unspent appropriations available of \$107.6m from 2015-16, as well as opening special account balances (excluding *Services for Other Entities and Trust Moneys* accounts (SOETM)).
- (b) Appropriation Bill (No.1) 2016-17.
- (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'.
- (e) Appropriation Bill (No.2) 2016-17.
- (f) 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 outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (g) Amounts credited to the special account(s) from Finance's annual and special appropriations.
- (h) 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'.

Please 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 2016-17 as at Budget May 2016 (continued)
Third Party Payments from and on Behalf of Other Entities

| | 2015-16 \$'000 | 2016-17 \$'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 |
| Australian Security Intelligence Organisation Appropriation Act (No.2) | 2,095 | - |
| Payments made by other entities on behalf of Department of Finance (disclosed above) | | |
| Attorney-General's Department <i>Parliamentary Entitlements Act 1990</i> | 600 | 400 |
| Commonwealth Superannuation Corporation <i>Governance of Australian Government Superannuation Schemes Act 2011</i> | 1,000 | 1,000 |
| <i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - General Law Reform) Act 2008</i> | 54 | 55 |
| <i>Superannuation Act 1922</i> | 90,277 | 83,429 |
| <i>Superannuation Act 1976</i> | 4,372,098 | 4,357,276 |
| <i>Superannuation Act 1990</i> | 1,634,586 | 1,796,559 |
| Appropriation Act (No.1) ^(a) | 500 | 500 |
| Appropriation Act (No.1) ^(b) | 2,393 | 5,012 |
| Appropriation Act (No.2) ^(b) | 684 | 597 |
| Department of Defence <i>Parliamentary Entitlements Act 1990</i> | - | 3,200 |
| Department of the House of Representatives <i>Commonwealth of Australia Constitution Act (s66)</i> | 3,363 | 3,086 |
| <i>Parliamentary Entitlements Act 1990</i> | 300 | 300 |
| <i>Parliamentary Superannuation Act 2004</i> | 4,186 | 5,034 |
| Department of Parliamentary Services Appropriation Act (No.1) | 75 | 351 |
| <i>Parliamentary Entitlements Act 1990</i> | 24,334 | 19,968 |
| Department of the Senate <i>Commonwealth of Australia Constitution Act (s66)</i> | 1,573 | 1,880 |
| <i>Parliamentary Entitlements Act 1990</i> | 200 | 200 |
| <i>Parliamentary Superannuation Act 2004</i> | 1,794 | 2,157 |
| Comcare <i>Parliamentary Entitlements Act 1990</i> | 100 | 100 |
| Fair Work Commission <i>Judges' Pensions Act 1968</i> | 5,014 | 5,182 |

(a) Compensation and legal payments.

(b) Act of Grace payments.

Please 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 2016-17 Budget Measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--------------------------------------|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue measures | | | | | | |
| Administered revenues | | | | | | |
| National Disability Insurance Scheme | | | | | | |
| Savings Fund ^(a) | 2.7 | (4) | 1,113 | 2,389 | (20,243) | - |
| Total | | (4) | 1,113 | 2,389 | (20,243) | - |
| Departmental revenues | | | | | | |
| Commonwealth Non-Defence Property | | | | | | |
| Divestment Program - extension | 2.3 | nfp | nfp | nfp | nfp | nfp |
| Property Services Coordinated | | | | | | |
| Procurement | 2.3 | - | - | - | - | - |
| Total | | nfp | nfp | nfp | nfp | nfp |
| Total revenue measures | | (4) | 1,113 | 2,389 | (20,243) | - |
| Administered | | (4) | 1,113 | 2,389 | (20,243) | - |
| Departmental | | nfp | nfp | nfp | nfp | nfp |
| Total | | (4) | 1,113 | 2,389 | (20,243) | - |

Table continues on next page

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| Administered expenses | | | | | | |
| National Disability Insurance Scheme | | | | | | |
| Savings Fund ^(a) | 2.7 | - | (38) | (81) | 671 | - |
| Total | | - | (38) | (81) | 671 | - |
| Departmental expenses | | | | | | |
| Antarctic Traverse and | | | | | | |
| Year-Round Aviation Access ^(b) | 2.1 | - | - | - | - | - |
| Australian Hearing Services - | | | | | | |
| a strong and viable future | 2.1 | (1,164) | (1,080) | - | - | - |
| Australian Securities and Investments | | | | | | |
| Commission Registry Further | | | | | | |
| Market Testing | 2.1 | - | (3,091) | - | - | - |
| Delivery of Inland Rail ^(c) | 2.1 | - | (3,800) | - | - | - |
| Rum Jungle Rehabilitation | | | | | | |
| Project - extension ^(d) | 2.1 | - | (77) | - | - | - |
| Financing Strategies for NBN Co Limited | | | | | | |
| Commonwealth Non-Defence Property | | | | | | |
| Divestment Program - extension | 2.3 | - | (1,001) | (1,146) | (430) | - |
| Property Services Coordinated | | | | | | |
| Procurement | 2.3 | - | (3,000) | - | - | - |
| Offering Choice in Public Sector | | | | | | |
| Superannuation Accumulation Plan | 2.6 | - | - | - | - | - |
| Smaller Government - Scoping Study | | | | | | |
| Review of Investment Funds - | | | | | | |
| Consolidation of Managers | 2.6 | - | - | - | - | - |
| Superannuation Reform Package - | | | | | | |
| introduce a \$1.6 million superannuation | | | | | | |
| transfer balance cap ^(e) | 2.6 | nfp | nfp | nfp | nfp | nfp |
| Scoping study - integrated solution for the | | | | | | |
| management of parliamentary | | | | | | |
| entitlements | 3.1 | (500) | - | - | - | - |
| Total | | (1,664) | (12,049) | (1,146) | (430) | - |
| Total expense measures | | (1,664) | (12,087) | (1,227) | 241 | - |
| Administered | | | | | | |
| | | - | (38) | (81) | 671 | - |
| Departmental | | | | | | |
| | | (1,664) | (12,049) | (1,146) | (430) | - |
| Total | | (1,664) | (12,087) | (1,227) | 241 | - |

Table continues on next page

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capital measures | | | | | | |
| Departmental capital | | | | | | |
| Antarctic Traverse and | | | | | | |
| Year-Round Aviation Access ^(b) | 2.1 | - | - | - | - | - |
| Delivery of Inland Rail ^(c) | 2.1 | - | - | - | - | - |
| Onshore Immigration Detention | | | | | | |
| Network - enhancement ^(f) | 2.3 | - | (10,710) | (6,960) | 27 | - |
| Superannuation Reform Package - introduce a \$1.6 million superannuation | | | | | | |
| transfer balance cap ^(e) | 2.6 | - | - | - | - | - |
| Total | | - | (10,710) | (6,960) | 27 | - |
| Total capital measures | | - | (10,710) | (6,960) | 27 | - |
| Administered | | | | | | |
| Departmental | | | | | | |
| Total | | - | (10,710) | (6,960) | 27 | - |

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 Savings Fund* 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, *Antarctic Traverse and Year-Round Aviation Access* is the Department of the Environment. The full measure description and package details appear in *Budget Paper No. 2* under the Environment portfolio.
- (c) 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.
- (d) The lead entity for measure, *Rum Jungle Rehabilitation Project - extension* is the Department of Industry, Innovation and Science. The full measure description and package details appear in *Budget Paper No. 2* under the Industry, Innovation and Science portfolio.
- (e) The lead entity for measure, *Superannuation Reform Package - introduce a \$1.6 million superannuation transfer balance cap* is the Australian Taxation Office. The full measure description and package details appear in *Budget Paper No. 2* under the Treasury portfolio.
- (f) The lead entity for measure, *Onshore Immigration Detention Network – enhancement* 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.

Part 2: Other Measures not Previously Reported in a Portfolio Statement

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|-------------------------------|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measures | | | | | | |
| Administered expenses | | | | | | |
| Non-Government Personal | | | | | | |
| Staffing - additional funding | 3.1 | (573) | (1,145) | (1,145) | (1,145) | (1,145) |
| Total | | (573) | (1,145) | (1,145) | (1,145) | (1,145) |
| Total measures | | (573) | (1,145) | (1,145) | (1,145) | (1,145) |
| Administered | | (573) | (1,145) | (1,145) | (1,145) | (1,145) |
| Total | | (573) | (1,145) | (1,145) | (1,145) | (1,145) |

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. Future Portfolio Budget Statements will reflect further refinements to Finance's performance information, as described in the enhanced Commonwealth performance framework.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in the Portfolio Budget Statements will be read with broader information provided in an entity's corporate plan and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

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

| 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. | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Program 1.1: Budget and Financial Management | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | | | | | |
| Budget Advice | 54,632 | 50,733 | 50,640 | 50,837 | 51,367 |
| Financial Reporting | 27,250 | 28,686 | 25,029 | 24,810 | 24,967 |
| Expenses not requiring appropriation in the Budget year ^(b) | 3,769 | 11,461 | 11,450 | 11,453 | 11,453 |
| Departmental Total | 85,651 | 90,879 | 87,119 | 87,101 | 87,788 |
| Total expenses for program 1.1 | 85,651 | 90,879 | 87,119 | 87,101 | 87,788 |
| Outcome 1 Totals by appropriation type | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | 81,882 | 79,418 | 75,669 | 75,648 | 76,334 |
| Expenses not requiring appropriation in the Budget year ^(b) | 3,769 | 11,461 | 11,450 | 11,453 | 11,453 |
| Departmental Total | 85,651 | 90,879 | 87,119 | 87,101 | 87,788 |
| Total expenses for Outcome 1 | 85,651 | 90,879 | 87,119 | 87,101 | 87,788 |

| | 2015-16 | 2016-17 |
|--|---------|---------|
| Average staffing level (number) | 391 | 400 |

(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.

Please 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.

| | |
|---|--|
| 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. | |
| Program 1.1 - Budget and Financial Management 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. | |
| Delivery | <p><u>Budget</u></p> <ul style="list-style-type: none"> • Providing effective, timely and accurate advice on Budget processes to government entities. • Ensuring the Budget framework effectively supports decision making. • Informing the Finance Minister and ERC on the use of government finances. • Coordinating, preparing and delivering accurate and timely Budget estimates and documentation to the Finance Minister. <p><u>Financial Management</u></p> <ul style="list-style-type: none"> • Monitoring and reporting on the government's cash balances to the government. • Delivering monthly and annual Whole of Australian Government (WoAG) financial statements and Final Budget Outcome (FBO) to the government. • Delivering financial reporting and accounting rules and advice to entities. • Producing appropriation bills and appropriation instruments for the government. • Maintaining the Australian Government Organisations Register. |
| Purposes | Budget and Financial Advice, Management and Reporting |

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 |
| 2015-16 | <p><u>Budget</u></p> <ul style="list-style-type: none"> • Analysis, advice and costing information is relevant, accurate, evidenced-based and timely based on a thorough understanding of issues from a WoAG perspective. • Advice is objective and based on a thorough understanding of issues from a WoAG perspective. • Accurate budget estimates measured as follows (after allowing for the effects of policy decisions, movements in economic parameters and changes in accounting treatments): <ul style="list-style-type: none"> – 2.0% difference between first forward year estimated expenses and final outcome. – 1.5% difference between Budget estimated expenses and final outcome. – 1.0% difference between revised estimated expenses at MYEFO and FBO. – 0.5% difference between revised estimated expenses at Budget and FBO. <p><u>Financial Management</u></p> <ul style="list-style-type: none"> • The government's cash requirements are met on a daily basis. • The derived underlying cash balance is provided to government within 5 days of the end of the financial year. • The government's financial statements are accurate and delivered within legislated or agreed time frames. | <p><u>Budget</u></p> <ul style="list-style-type: none"> • Advice to entities and ministers on Budget processes is continuing to be provided within agreed timeframes and consistent with government-agreed processes. • Independent advice is continuing to be provided to the Finance Minister and ERC. The advice is based on information gathered through consultation with entities and other stakeholders. • Accuracy of budget estimates cannot be determined until FBO is released in September or October. <p><u>Financial Management</u></p> <ul style="list-style-type: none"> • The government's cash requirements are being met on a daily basis. • The 2014-15 derived underlying cash balance was provided to the government within 5 days of the end of the financial year. • The 2014-15 FBO was published on 21 September 2015, within the legislated timeframe. • Since FBO, the monthly financial statements on average have been delivered within 21 days of each month end. • The consolidated financial statements were provided to the Auditor-General within the legislated timeframe (on 30 November 2015). |

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"> • 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. • 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. • The government's cash requirements are met on a daily basis, ensuring the ongoing operations of government. | <ul style="list-style-type: none"> • Advice to entities and the Finance Minister on Budget processes is being provided within agreed timeframes and consistent with government-agreed processes and expectations. • Economic and fiscal updates are delivered within timeframes required under the <i>Charter of Budget Honesty Act 1998</i>. • Accurate Budget Estimates measured as follows (after allowing for the effects of policy decisions, estimates variations, movements in economic parameters and changes in accounting treatments): <ul style="list-style-type: none"> – 2.0% difference between first forward year estimated expenses and final outcome. – 1.5% difference between Budget estimated expenses and final outcome. – 1.0% difference between revised estimated expenses at MYEFO and FBO. – 0.5% difference between revised estimated expenses at Budget and FBO. • The government's cash needs are met on a daily basis. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • All criteria for 2016-17 to apply. • The redeveloped Central Budget Management System delivers a sustainable solution that supports the ongoing Budget and financial management requirements of the government. | <ul style="list-style-type: none"> • As per 2016-17. |

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:

Commonwealth Superannuation Corporation - Program 1.1 - Superannuation Scheme Governance; and Future Fund Management Agency - Program 1.1 - Management of the Investment of the Future Fund.

The Department of Finance works with the Commonwealth Superannuation Corporation and the Future Fund Management Agency to ensure that the management of public sector and provisions for meeting long-term liabilities to fund members is consistent with legislative obligations.

Future Fund Management Agency - Program 1.2 - Management of the Australian Government Investment Funds.

The Department of Finance works with the Future Fund Management Agency to ensure that the management of the Australian Government Investment Funds is consistent with legislation and maximises returns to taxpayers.

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

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|----------------------------|------------------|----------------------------|----------------------------|----------------------------|
| 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. | Estimated actual \$'000 | Budget \$'000 | Forward estimate \$'000 | Forward estimate \$'000 | Forward estimate \$'000 |
| Program 2.1: Public Sector Governance | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | | | | | |
| Grant in Aid - Australian Institute of Policy and Science | 35 | 36 | 37 | 38 | 39 |
| Grant in Aid - Chifley Research Centre | 223 | 228 | 233 | 239 | 244 |
| Grant in Aid - Green Institute | 84 | 86 | 88 | 90 | 92 |
| Grant in Aid - Menzies Research Centre | 223 | 228 | 233 | 239 | 244 |
| Grant in Aid - Page Research Centre | 84 | 86 | 88 | 90 | 90 |
| Grant in Aid - Royal Humane Society of Australasia | 26 | 26 | 27 | 28 | 28 |
| Grant in Aid - RSPCA Australia Inc | 35 | 36 | 37 | 38 | 39 |
| Administered Total | 710 | 726 | 743 | 760 | 775 |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | | | | | |
| Financial Framework | 19,916 | 19,428 | 18,769 | 18,266 | 17,940 |
| Procurement Framework | 11,674 | 13,431 | 13,415 | 13,452 | 13,548 |
| Government Shareholder Oversight | 5,946 | 4,071 | 4,064 | 3,609 | 3,649 |
| Special Financial Claims | 2,395 | 2,295 | 2,289 | 2,299 | 2,323 |
| Special accounts | | | | | |
| Business Services Special Account | - | - | - | - | - |
| Expenses not requiring appropriation in the Budget year ^(b) | 1,796 | 1,829 | 1,842 | 1,843 | 1,843 |
| Departmental Total | 41,726 | 41,054 | 40,380 | 39,468 | 39,304 |
| Total expenses for program 2.1 | 42,436 | 41,780 | 41,123 | 40,228 | 40,079 |

Table continues on next page

Table 2.2.1: Budgeted Expenses for Outcome 2 (Continued)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|----------------------------|------------------|----------------------------|----------------------------|----------------------------|
| 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. | Estimated actual \$'000 | Budget \$'000 | Forward estimate \$'000 | Forward estimate \$'000 | Forward estimate \$'000 |
| Program 2.2: Transforming Government | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | | | | | |
| Transforming the Public Sector | 34,597 | 17,171 | 7,853 | 7,876 | 6,793 |
| Digital Transformation Agenda | 26,015 | 23,903 | 23,999 | 23,863 | 24,063 |
| Expenses not requiring appropriation in the Budget year ^(b) | 4,020 | 4,119 | 4,115 | 4,116 | 4,116 |
| Departmental Total | 64,632 | 45,193 | 35,967 | 35,855 | 34,973 |
| Total expenses for program 2.2 | 64,632 | 45,193 | 35,967 | 35,855 | 34,973 |
| Program 2.3: Property and Construction | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| Property Special Account 2014 | 115,243 | 156,630 | 112,918 | 106,389 | 97,034 |
| Departmental Total | 115,243 | 156,630 | 112,918 | 106,389 | 97,034 |
| Total expenses for program 2.3 | 115,243 | 156,630 | 112,918 | 106,389 | 97,034 |
| Program 2.4: Insurance and Risk Management | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| Comcover Special Account | 129,092 | 145,931 | 150,770 | 156,016 | 161,472 |
| Departmental Total | 129,092 | 145,931 | 150,770 | 156,016 | 161,472 |
| Total expenses for program 2.4 | 129,092 | 145,931 | 150,770 | 156,016 | 161,472 |
| Program 2.5: Procurement Services | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| Coordinated Procurement Contracting Special Account | 163,698 | 110,619 | 106,205 | 98,533 | 97,660 |
| Departmental Total | 163,698 | 110,619 | 106,205 | 98,533 | 97,660 |
| Total expenses for program 2.5 | 163,698 | 110,619 | 106,205 | 98,533 | 97,660 |

Table continues on next page

Table 2.2.1: Budgeted Expenses for Outcome 2 (Continued)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|----------------------------|------------------|----------------------------|----------------------------|----------------------------|
| 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. | Estimated actual \$'000 | Budget \$'000 | Forward estimate \$'000 | Forward estimate \$'000 | Forward estimate \$'000 |
| Program 2.6: Public Sector Superannuation | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | | | | | |
| Act of Grace | 2,393 | 5,012 | 4,962 | 2,408 | 2,348 |
| Compensation and legal expenses | 500 | 500 | 500 | 500 | 500 |
| Superannuation administration costs | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 |
| Special appropriations | | | | | |
| <i>Federal Circuit Court of Australia Act 1999</i> | 709 | 714 | 733 | 760 | 785 |
| <i>Governance of Australian Government Superannuation Schemes Act 2011</i> | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| <i>Governor-General Act 1974</i> | 774 | 988 | 959 | 6,506 | 1,219 |
| <i>Judges' Pensions Act 1968</i> | 85,200 | 82,400 | 86,000 | 90,400 | 94,100 |
| <i>Parliamentary Contributory Superannuation Act 1948</i> | 48,432 | 52,792 | 53,031 | 51,609 | 51,208 |
| <i>Parliamentary Superannuation Act 2004</i> | 5,887 | 7,192 | 7,710 | 8,153 | 8,625 |
| <i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws General Law Reform) Act 2008</i> | 53 | 57 | 57 | 47 | 40 |
| <i>Superannuation Act 1922</i> | 26,848 | 33,506 | 30,717 | 28,134 | 25,746 |
| <i>Superannuation Act 1976</i> | 3,038,168 | 3,421,329 | 3,383,841 | 3,344,978 | 3,307,012 |
| <i>Superannuation Act 1990</i> | 5,582,787 | 4,277,600 | 4,499,592 | 4,722,465 | 4,939,618 |
| Administered Total | 8,803,251 | 7,893,590 | 8,079,602 | 8,267,460 | 8,442,701 |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | | | | | |
| Public Sector Superannuation | 5,281 | 8,965 | 4,957 | 4,974 | 5,022 |
| Expenses not requiring appropriation in the Budget year ^(b) | 262 | 260 | 262 | 262 | 262 |
| Departmental Total | 5,543 | 9,226 | 5,219 | 5,236 | 5,285 |
| Total expenses for program 2.6 | 8,808,794 | 7,902,816 | 8,084,821 | 8,272,696 | 8,447,986 |

Table continues on next page

Table 2.2.1: Budgeted Expenses for Outcome 2 (Continued)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|------------------|------------------|--------------------|--------------------|--------------------|
| 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. | Estimated | Budget | Forward | Forward | Forward |
| | actual \$'000 | \$'000 | estimate \$'000 | estimate \$'000 | estimate \$'000 |
| Program 2.7: Australian Government | | | | | |
| Administered expenses | | | | | |
| Special accounts | | | | | |
| DisabilityCare Australia | | | | | |
| Fund Special Account ^(c) | 72,269 | 275,532 | 556,265 | 3,502,832 | 1,012,617 |
| Asset Recycling | | | | | |
| Fund Special Account ^(d) | - | - | 2,162,534 | 882,461 | 101,367 |
| Medical Research Future | | | | | |
| Fund Special Account ^(e) | 5,098 | 79,623 | 151,314 | 256,411 | 462,526 |
| Building Australia | | | | | |
| Fund Special Account ^(f) | 10,513 | 126,309 | - | - | - |
| Education Investment | | | | | |
| Fund Special Account ^(g) | 59,683 | 26,719 | - | - | - |
| Health and Hospitals | | | | | |
| Fund Special Account ^(h) | 55,304 | - | - | - | - |
| Administered Total | 202,867 | 508,183 | 2,870,113 | 4,641,704 | 1,576,510 |
| Total expenses for program 2.7 | 202,867 | 508,183 | 2,870,113 | 4,641,704 | 1,576,510 |
| Outcome 2 Totals by appropriation type | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services | | | | | |
| Appropriation Bill No. 1 | 14,103 | 16,738 | 16,705 | 14,168 | 14,123 |
| Special appropriations | 8,789,858 | 7,877,578 | 8,063,640 | 8,254,052 | 8,429,353 |
| Special accounts | 202,867 | 508,183 | 2,870,113 | 4,641,704 | 1,576,510 |
| Administered Total | 9,006,828 | 8,402,499 | 10,950,458 | 12,909,924 | 10,019,986 |
| Departmental expenses | | | | | |
| Departmental appropriation ^(a) | 105,824 | 89,265 | 75,347 | 74,338 | 73,340 |
| Special accounts | 408,033 | 413,179 | 369,893 | 360,938 | 356,167 |
| Expenses not requiring appropriation | | | | | |
| in the Budget year ^(b) | 6,077 | 6,208 | 6,219 | 6,221 | 6,221 |
| Departmental Total | 519,934 | 508,652 | 451,460 | 441,497 | 435,727 |
| Total expenses for Outcome 2 | 9,526,761 | 8,911,151 | 11,401,917 | 13,351,421 | 10,455,714 |
| | 2015-16 | 2016-17 | | | |
| Average staffing level (number) | 672 | 686 | | | |

(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 33.

Finance Budget Statements

- (d) The Asset Recycling Fund is subject to passage of legislation. More information can be found in Table 2.2.1.2 on page 34.
- (e) More information on the Medical Research Future Fund can be found in Table 2.2.1.3 on page 35.
- (f) The Building Australia Fund is to be closed, subject to the passage of legislation. More information can be found in Table 2.2.1.4 on page 36.
- (g) The Education Investment Fund is to be closed, subject to the passage of legislation. More information can be found in Table 2.2.1.5 on page 37.
- (h) The Health and Hospitals Fund has now been closed. More information can be found in Table 2.2.1.6 on page 38.

Please 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

| | Estimated actual 2015-16 Outcome | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|---|---|---|--|--|--|
| DisabilityCare Australia Fund ^(a) | 2 | | | | |
| Opening balance | 2,514,662 | 4,721,761 | 6,676,820 | 6,281,054 | 541,204 |
| Revenue and gains | | | | | |
| Additional Medicare | | | | | |
| Levy - Equity | 3,449,500 | 3,852,000 | 4,011,000 | 4,198,000 | 4,395,000 |
| Investment earnings | | | | | |
| and gains | 112,770 | 149,955 | 162,441 | 68,566 | - |
| Expenses | | | | | |
| Management fees | (3,391) | (4,903) | (5,295) | (2,051) | - |
| Transfers to reimburse | | | | | |
| accounts for | | | | | |
| DisabilityCare | | | | | |
| Australia expenditure ^(b) | | | | | |
| Commonwealth - Equity | (1,282,902) | (1,771,365) | (4,012,942) | (6,503,582) | (3,923,585) |
| States and | | | | | |
| Territories | | | | | |
| - Expense | (68,878) | (270,628) | (550,970) | (3,500,783) | (1,012,618) |
| Closing balance | 4,721,761 | 6,676,820 | 6,281,054 | 541,204 | - |

(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).

Table 2.2.1.2: Asset Recycling Fund (ARF) – Estimates of Fund Balances

| | Estimated actual 2015-16 \$'000 | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|--|--|---|--|--|--|
| Asset Recycling Fund ^(a) | | | | | |
| Opening balance | - | - | - | 10,842,894 | 10,211,433 |
| Investment credits ^(b) | - | - | 12,722,695 | - | - |
| Revenue and gains | | | | | |
| Investment earnings and gains | - | - | 282,733 | 251,000 | 244,010 |
| Expenses | | | | | |
| Management fees | - | - | (12,385) | (11,062) | (10,803) |
| Transfers to Portfolio Special Accounts for project payments ^(c) COAG Reform Fund | | | | | |
| Special Account - Expense | - | - | (2,150,149) | (871,399) | (90,564) |
| Closing balance | - | - | 10,842,894 | 10,211,433 | 10,354,076 |
| Payments to be made through other appropriation mechanisms ^(d) | | | | | |
| Infrastructure Growth Package - | | | | | |
| Asset Recycling Initiative | (1,331,700) | (1,202,987) | - | - | - |
| Infrastructure Growth Package - | | | | | |
| New Investments | (749,728) | (765,430) | - | - | - |
| Infrastructure Growth Package - Western Sydney Infrastructure Plan | (153,366) | (524,454) | - | - | - |
| Total | (2,234,794) | (2,492,871) | - | - | - |

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

(b) Credits consist of uncommitted funds from the Building Australia Fund (BAF) and Education Investment Fund (EIF) transferred as at 1 July 2017 and the proceeds from the sale of Medibank Private transferred as at 1 July 2017. Further contributions to the ARF will consist of sale proceeds from privatisations.

(c) The transfers relate to projects approved as at the time of the Budget.

(d) The government will provide funding of approximately \$2.5 billion in 2016-17 through the Treasury and Infrastructure portfolios using existing appropriation mechanisms. Payments from 2017-18 onwards will be made from the ARF Infrastructure Portfolio Special Account or the COAG Reform Fund Special Account.

Table 2.2.1.3: Medical Research Future Fund (MRFF) – Estimates of Fund Balances

| | Estimated actual 2015-16 \$'000 | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|--|--|---|--|--|--|
| Medical Research Future Fund ^(a) | | | | | |
| Opening balance | - | 3,154,337 | 4,662,955 | 7,386,527 | 10,280,687 |
| Investment credits ^(b) | 3,149,351 | 1,401,149 | 2,561,000 | 2,689,000 | 8,259,000 |
| Revenue and gains | | | | | |
| Investment earnings and gains | 10,084 | 187,092 | 313,886 | 461,571 | 894,777 |
| Expenses | | | | | |
| Management fees | (5,098) | (18,747) | (29,749) | (41,498) | (76,153) |
| Transfers to Portfolio Special Accounts for project payments MRFF Health Portfolio Special Account - Expense | - | (60,876) | (121,565) | (214,913) | (386,373) |
| Closing balance | 3,154,337 | 4,662,955 | 7,386,527 | 10,280,687 | 18,971,938 |

- (a) The MRFF consists of the MRFF Special Account and investments of the MRFF. The investments will be 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.

Table 2.2.1.4: Building Australia Fund (BAF) – Estimates of Fund Balances

| | Estimated actual 2015-16 \$'000 | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|---|--|---|--|--|--|
| Building Australia Fund ^(a) | | | | | |
| Opening balance | 3,612,531 | 3,693,862 | 3,320,783 | - | - |
| Revenue and gains | | | | | |
| Investment earnings and gains | 91,844 | 92,230 | - | - | - |
| Expenses | | | | | |
| Management fees | (3,593) | (3,709) | - | - | - |
| Transfers to Portfolio Special accounts for project payments ^(b) | | | | | |
| BAF Infrastructure Portfolio Special Account - Expense | (6,920) | (122,600) | - | - | - |
| BAF Infrastructure Portfolio Special Account - Equity | - | (339,000) | - | - | - |
| Closure: Transfer to Consolidated Revenue Fund - Equity | - | - | (3,320,783) | - | - |
| Closing balance | 3,693,862 | 3,320,783 | - | - | - |

- (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 1 July 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 Asset Recycling Fund (ARF) on 1 July 2017.
- (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.

Table 2.2.1.5: Education Investment Fund (EIF) – Estimates of Fund Balances

| | Estimated actual 2015-16 \$'000 | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|---|--|---|--|--|--|
| Education Investment Fund ^(a) | | | | | |
| Opening balance | 3,685,377 | 3,718,580 | 3,785,949 | - | - |
| Revenue and gains | | | | | |
| Investment earnings and gains | 92,886 | 94,089 | - | - | - |
| Expenses | | | | | |
| Management fees | (3,929) | (4,126) | - | - | - |
| Transfers to Portfolio Special accounts for project payments ^(b) | | | | | |
| EIF Education Portfolio Special Account - Expense | (55,754) | (22,593) | - | - | - |
| Closure: Transfer to Consolidated Consolidated Revenue Fund - Equity | - | - | (3,785,949) | - | - |
| Closing balance | 3,718,581 | 3,785,949 | - | - | - |

(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 1 July 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 Asset Recycling Fund (ARF) on 1 July 2017.

(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.

Table 2.2.1.6: Health and Hospitals Fund (HHF) – Estimates of Fund Balances

| | Estimated actual 2015-16 \$'000 | Budget estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 | Forward estimate 2019-20 \$'000 |
|--|--|---|--|--|--|
| Health and Hospitals Fund ^(a) | | | | | |
| Opening balance | 1,508,866 | - | - | - | - |
| Revenue and gains | | | | | |
| Investment earnings and gains | 9,171 | - | - | - | - |
| Expenses | | | | | |
| Management fees | (320) | - | - | - | - |
| Transfers to Portfolio Special Special accounts for project payments HHF Health Portfolio Special Account - Expense | (54,984) | - | - | - | - |
| Closure: Transfer to Consolidated Revenue Fund - Equity | (1,462,733) | - | - | - | - |
| Closing balance | - | - | - | - | - |

(a) The HHF consisted of the HHF Special Account and investments of the HHF. The investments were managed by the Future Fund Board of Guardians. The special account was used to record all transactions relating to the HHF, including interest received and payments. The HHF was closed on 29 October 2015, with remaining funds transferred to the Consolidated Revenue Fund (CRF). Uncommitted funds were transferred from the CRF to the Medical Research Future Fund (MRFF).

Table 2.2.2: Performance Criteria for Outcome 2

Table 2.1.2 below details the performance criteria for each program associated with Outcome 2. It also summarises how each program is delivered.

| | |
|---|--|
| 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. | |
| Program 2.1 - Public Sector Governance 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. | |
| Delivery | <ul style="list-style-type: none"> • 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"> – Relevant legislation and rules. – Procurement and Grant policy and related matters. – Developing and managing AusTender. – Act of Grace requests, waiver of debt applications and set off matters. – Guidance material. – Training and communication. • Completion of 50% of all Act of Grace and waiver of debt requests within 60 days and 100% compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>. • No adverse findings from the Commonwealth Ombudsman in respect of special claims. • Undertaking Assurance Reviews of major projects and programs over their lifecycle, to provide assurance to the government regarding delivery and implementation. • 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. • Paying Grants in Aid funding to approved organisations. • Providing advice on strategy, governance, operations, financial forecasts and performance to GBEs and other commercial entities. • Strengthening public sector capability through regular capacity-building activities. |
| Purposes | Governance |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| Performance Information: Program 2.1 - Public Sector Governance | | |
|---|--|---|
| Year | Performance Criteria | Targets |
| 2015-16 | <p><u>Financial Framework</u></p> <p><u>Grants</u></p> <ul style="list-style-type: none"> • Timely and relevant advice on grant policy matters is provided. <p><u>Assurance reviews</u></p> <ul style="list-style-type: none"> • Assurance reviews of major projects and programs provide assurance to government regarding delivery and implementation. <ul style="list-style-type: none"> • Contribute to achieving the government's objectives in Papua New Guinea, the Pacific and Southeast Asia. <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> • Timely and relevant advice on procurement policy matters is provided. • AusTender is available during business hours (ACT local time). <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> • Advice to the Finance Minister is timely relevant and of high quality. • Quarterly meetings with GBEs. <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> • Completion of all Act of Grace and waiver of debt requests. • Compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>. • No adverse findings from the Commonwealth Ombudsman in respect of special claims. | <p><u>Financial Framework</u> – on track to meet targets.</p> <ul style="list-style-type: none"> • Feedback indicates that grants policy advice is relevant and timely. • 100% of Senior Responsible Officers have identified that Gateway reviews have contributed constructively to their project so far this year. • 97% of Gateway review recommendations have been, or are being, actioned, so far this year. • Expected to meet stakeholders' requirements. <p><u>Procurement Framework</u> – on track to meet targets.</p> <ul style="list-style-type: none"> • 80% of queries have been responded to within 3 days. • AusTender has been available 99% of the time during business hours so far this year. <p><u>Government Shareholder Oversight</u> – on track to meet targets.</p> <ul style="list-style-type: none"> • First 3 rounds of quarterly meetings have been held with GBEs. <p><u>Special Financial Claims</u> – on track to meet targets.</p> <ul style="list-style-type: none"> • Completed 50% of all Act of Grace and waiver of debt requests within 60 days. • Achieved 100% compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>. • To date, there has not been an adverse finding from the Commonwealth Ombudsman. |

Table continues on next page

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"> • Successful integration of the 2015-16 Annual Performance Statement with the 2015-16 Annual Report. • Support entities through the provision of guidance and information to assist them in the delivery of all aspects of the enhanced Commonwealth performance framework. <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> • Timely and relevant advice on procurement policy matters is provided. <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> • Commonwealth's GBE Governance and Oversight Guidelines are up-to-date and relevant, and exemplify best practice commercial practices and standards. <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> • Timely completion of all Act of Grace and waiver of debt requests on receipt of required documentation from relevant parties. • Compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>. | <p><u>Financial Framework Performance Framework</u></p> <ul style="list-style-type: none"> • 100% of non-corporate and corporate Commonwealth entities publish 2015-16 Annual Performance Statements in 2015-16. • 95% of entities comply with performance reporting requirements. <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> • 80% of entity queries to the procurement advice inbox responded to within 3 days. • AusTender is available 99% of the time during business hours (ACT local time). <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> • Quarterly meetings held with GBEs. <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> • Completion of 50% of all Act of Grace and waiver of debt requests within 60 days. • 100% compliance with timeframes in the <i>Administrative Decisions (Judicial Review) Act 1977</i>. • No adverse findings from the Commonwealth Ombudsman in respect of special claims. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| Performance Information: Program 2.1 - Public Sector Governance | | |
|---|---|--|
| Year | Performance Criteria | Targets |
| 2017-18 and beyond | <p><u>Performance Framework</u></p> <ul style="list-style-type: none"> Support entities through the provision of guidance and information to assist them in the delivery of all aspects of the enhanced Commonwealth performance framework. An independent review of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) and its rules to be conducted in 2017-18 demonstrates that the legislation promotes high standards of governance, performance and public accountability. Improvement in the quality and relevance of performance information published by Commonwealth entities as assessed through audits conducted by the Australian National Audit Office (ANAO) and through the independent review of the operation of the PGPA Act. <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> As per 2016-17. <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> As per 2016-17. <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> As per 2016-17. | <p><u>Performance Framework</u></p> <ul style="list-style-type: none"> 100% of entities comply with performance reporting requirements. The independent review is undertaken and endorsed. Key stakeholders express satisfaction with performance information reported by Commonwealth entities as measured through ANAO audits, interactions with Parliamentary Committees and the findings of the independent review of the PGPA Act. <p><u>Procurement Framework</u></p> <ul style="list-style-type: none"> As per 2016-17. <p><u>Government Shareholder Oversight</u></p> <ul style="list-style-type: none"> As per 2016-17. <p><u>Special Financial Claims</u></p> <ul style="list-style-type: none"> As per 2016-17. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|--|---|--|
| 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. | | |
| Program 2.2 - Transforming Government This program contributes to the outcome through providing leadership and supporting decision making relating to the digital economy and use of technology in government operations; and scoping divestment opportunities and managing asset sales and any residual issues arising from previous asset sales. | | |
| Delivery | Transforming the Public Sector <ul style="list-style-type: none"> 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. Providing advice to the government on the efficient and effective delivery of government activities. Delivering scoping studies to the government and implementing agreed scoping study outcomes. Implementing recommendations from the Independent Review of the Whole of Government Internal Regulations for the Government. Improving Whole of Australian Government (WoAG) ICT <ul style="list-style-type: none"> Providing advice to government and Commonwealth entities on ICT investment, delivery and implementation of ICT policies. Providing appropriate WoAG ICT services, including communications networks and online services to entities. Delivering high quality ICT Entry Level Programs to entities. | |
| Purposes | Transformation | |
| Year | Performance Criteria | Targets |
| 2015-16 | Transforming Public Sector <ul style="list-style-type: none"> Support entities to design and implement initiatives to improve the efficient delivery of government functions. Delivering to government agreed scoping studies that report on their respective terms of reference. WoAG ICT <ul style="list-style-type: none"> Providing appropriate WoAG ICT services and programs to entities. | Transforming Public Sector <ul style="list-style-type: none"> All targets are being achieved. Functional and Efficiency Reviews are commissioned and delivered in accordance with program timeframes. Improving WoAG ICT: Expect to achieve all targets: <ul style="list-style-type: none"> 75% of relevant entities access the internet through their shared internet gateway. 70% of students annually accepted for the government ICT Apprenticeships Program remain in the government after 1 year, and 50% remain after 2 years. GovCMS is providing useful capability for entities. GovCMS now has 59 live on the platform (from 29 entities) and a further 16 in development. This is double the projected take-up rate. Usage of the National Telepresence System has increased by 15% in 2015-16 annually (target of 10%). |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| Performance Information: Program 2.2 - Transforming Government | | |
|--|--|--|
| Year | Performance Criteria | Targets |
| 2016-17 | <p><u>Transforming Public Sector</u></p> <ul style="list-style-type: none"> • Drive the government's transformation agenda through supporting entities to become more effective and efficient. <p><u>WoAG ICT is improved</u></p> <ul style="list-style-type: none"> • Providing appropriate WoAG ICT services and programs to entities. | <p><u>Transforming Public Sector</u></p> <ul style="list-style-type: none"> • Majority of significant entities have conducted internal red tape reduction reviews. • Majority of significant entities are engaged with Shared and Common Services agenda/on track to deliver the government's agenda of a smaller, more efficient and better connected public sector. • Forward work programs for all Functional and Efficiency and Contestability Reviews, are agreed between entities. • Grants.gov.au rolled out by June 2017. <p><u>Improving WoAG ICT</u></p> <ul style="list-style-type: none"> • Useful capability of govCMS demonstrated by 30-45 websites using the platform by 30 June 2017. • Increased ICT capability demonstrated by: <ul style="list-style-type: none"> – 70% of students annually accepted for ICT cadet and apprentice programs remaining in the Government after 1 year, and 50% remaining after 2 years. – 70% of students annually accepted for ICT graduate program remaining in the Government after 1 year. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2016-17. | <ul style="list-style-type: none"> • As per 2016-17. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|--|--|---|
| 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. | | |
| Program 2.3 - Property and Construction 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. | | |
| Delivery | <ul style="list-style-type: none"> • 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. • Assisting entities to use the Commonwealth Property Management Framework. • Collecting property data for the government on Commonwealth leasing trends and assisting in the disposal of Commonwealth property. • Managing properties within the Finance-managed portfolio for the government through adoption of effective property management systems and processes. • 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 <i>National Land Ordinance</i> and the <i>Commonwealth Property Disposal Policy</i>. | |
| Purposes | Governance, Transformation and Services | |
| Year | Performance Criteria | Targets |
| 2015-16 | <u>Property and Construction</u> <ul style="list-style-type: none"> • Responsible oversight and management of the Commonwealth's leased and Finance owned property interests that is informed by evidence-based advice. • Finance owned properties are maintained to agreed standards and in compliance with relevant safety and environmental legislative requirements. • Property divestment and acquisition, including capital works projects, meet government and legislative requirements. | <u>Property and Construction</u> – on track to meet targets. <ul style="list-style-type: none"> • Property data information collected from qualifying entities on 30 September 2015 is used to support government objectives such as the filling of vacant surplus office space; and will be analysed and published in the next Australian Government Office Occupancy Report. • Regular consultations with entities occupying Finance properties are occurring as part of the client engagement strategy. • In response to earlier government Budget decisions, Finance has divested in excess of 43 surplus non-Defence properties. • The government has agreed the cost, timeframe and quality related deliverables for major capital works and projects including the post-entry quarantine facility and remediation activities such as the Malabar Headland works. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| Performance Information: Program 2.3 – Property and Construction | | |
|--|---|--|
| Year | Performance Criteria | Targets |
| 2016-17 | <ul style="list-style-type: none"> As per 2015-16. | <ul style="list-style-type: none"> Property data information collected from qualifying entities is fit for purpose, targeted and continues to inform and support the government's property efficiency objectives, such as the identification of innovative and value for money WoAG arrangements for the procurement of leasing and property services due to take effect on 1 July 2017. Market testing of Commonwealth-owned buildings and other assets along with ongoing divestment activities are completed on time and within Budget. Major capital works projects and major land contamination remediation projects are completed in close consultation with client entities and within the time, cost and quality parameters agreed by the government. |
| 2017-18 and beyond | <ul style="list-style-type: none"> As per 2015-16. | <ul style="list-style-type: none"> Property data information collected from qualifying entities is fit for purpose, targeted and continues to inform and support the government's property efficiency objectives. WoAG purchasing arrangements for property services achieve expected savings with consistent service quality and pricing for entities. Divestment activities are completed within expected budgets and timeframes and residual issues are minimised and managed to protect the Commonwealth's interests. Major capital works projects and major land contamination remediation projects are completed in close consultation with client entities and within the time, cost and quality parameters agreed by the government. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|--|---|--|
| 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. | | |
| Program 2.4 – Insurance and Risk Management This program contributes to the outcome by providing general insurance services and promoting risk management across the government through the Comcover Special Account. | | |
| Delivery | <ul style="list-style-type: none"> • Providing a self managed insurance fund (Comcover) to protect Commonwealth entities against the impact and volatility of insurable losses. • Providing a consistent whole of government approach to managing legal liability claims against Commonwealth entities. • Providing risk management and education services to entities to support best practice risk management across the government. | |
| Purposes | Services | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> • Comcover fund members have achieved their identified level of risk maturity as measured in the Comcover Benchmarking Program. | Expected to achieve all targets. <ul style="list-style-type: none"> • The Benchmarking Program is underway and results will be available at the end of May 2016. • It is anticipated that 80% of Comcover fund members will have achieved their identified level of risk maturity. |
| 2016-17 | <ul style="list-style-type: none"> • Improved risk management capability of commonwealth entities supporting the proper use and management of public resources through participation in risk capability and education programs. | <ul style="list-style-type: none"> • Commonwealth entities have improved their risk management capability as measured by the Benchmarking Program. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2016-17. | <ul style="list-style-type: none"> • As per 2016-17. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|--|--|---|
| 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. | | |
| Program 2.5 – Procurement Services This program contributes to the outcome through establishing WoAG arrangements for common goods and services to maximise market benefits for Commonwealth entities and providing advice to the government on advertising. | | |
| Delivery | <ul style="list-style-type: none"> • Developing and managing WoAG procurement arrangements for entities. • Providing assistance and advice to Commonwealth entities on the process of developing government advertising campaigns. | |
| Purposes | Services | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> • WoAG arrangements are well managed. • Government advertising is conducted in accordance with government advertising policies. | Targets are expected to be achieved. <ul style="list-style-type: none"> • Contracts will be managed in accordance with plans. • Scoping studies and tender processes will be conducted within agreed timeframes and budget. • Contracts will be managed in accordance with appropriate contract management plans. Targets are expected to be achieved. <ul style="list-style-type: none"> • Government advertising in 2015-16 will be conducted in accordance with government advertising policies. |
| 2016-17 | <ul style="list-style-type: none"> • As per 2015-16. | <ul style="list-style-type: none"> • As per 2015-16. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2015-16. | <ul style="list-style-type: none"> • As per 2015-16. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|---|--|--|
| 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. | | |
| Program 2.6 – Public Sector Superannuation 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. | | |
| Delivery | <ul style="list-style-type: none"> • 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. • Providing policy advice to the government on its unfunded superannuation liability and associated administered expenses. • Providing policy advice to the government on the Future Fund, including the investment mandate and other governance matters. • Providing policy advice to the government on the governance of Sovereign Wealth Funds. | |
| Purposes | Services | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> • Advice, analysis and support provided to the government and Commonwealth entities on public sector superannuation policy and governance matters is provided in a timely manner, is high quality and robust. • Payments are accurate and in accordance with scheme timeframes. • Superannuation statements are issued in accordance with prescribed timeframes. | Targets are expected to be achieved. <ul style="list-style-type: none"> • The merger of ComSuper and Commonwealth Superannuation Corporation took effect on 1 July 2015. • The Public Governance, Performance and Accountability Amendment (CSC) Rule 2016 commenced April 2016. • To date, payments for those schemes administered by Finance have been accurate and in accordance with scheme timeframes. • Superannuation statements will be issued in accordance with prescribed timeframes. |
| 2016-17 | <ul style="list-style-type: none"> • High quality and timely advice, analysis and support is provided to the government on public sector superannuation policy, investment fund policy and governance matters. • Benefit payments are accurate, paid in accordance with scheme timeframes and superannuation statements are issued in accordance with prescribed timeframes. | <ul style="list-style-type: none"> • The quality and timeliness of advice, analysis and support meets government's needs. • 100% of payments are made within statutory timeframes and accurately represent information provided to Finance. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2016-17. | <ul style="list-style-type: none"> • As per 2016-17. |

Table continues on next page

Table 2.2.2: Performance Criteria for Outcome 2 (Continued)

| | | |
|---|--|---|
| <p>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.</p> | | |
| <p>Program 2.7 – Australian Government Investment Funds 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"> • DisabilityCare Australia Fund (DCAF). • Asset Recycling Fund (ARF). • Medical Research Future Fund (MRFF). • Building Australia Fund (BAF). • Education Investment Fund (EIF). • Health and Hospitals Fund (HHF). <p>The ARF is subject to the passage of legislation. The BAF and EIF will be closed, subject to the passage of legislation. The HHF was closed in 2015.</p> | | |
| Delivery | <ul style="list-style-type: none"> • Providing advice to the government on the Australian Government Investment Funds, including investment mandates, governance matters, credits to and payments from the Funds. | |
| Purposes | Governance | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> • Advice and analysis provided to the government on the Australian Government Investment Funds is provided in a timely manner, is high quality and robust. • Credits to and payments from the Funds are timely and consistent with legislation. | <p>Targets are expected to be achieved.</p> <ul style="list-style-type: none"> • Finance provided advice and assistance to government in issuing an investment mandate for the MRFF (issued on 8 November 2015), closing the HHF (29 October 2015) and making crediting determinations for the MRFF (28 August 2015 and 26 November 2015). |
| 2016-17 | <ul style="list-style-type: none"> • High quality and timely advice and analysis is provided to the government on the Australian Government Investment Funds. | <ul style="list-style-type: none"> • Advice and analysis provided is assessed by key stakeholders (through formal and informal feedback) as being high quality, robust and meeting their timeframes. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2016-17. | <ul style="list-style-type: none"> • As per 2016-17. |

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, entitlements and targeted assistance.

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

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|----------------------------|------------------|----------------------------|----------------------------|----------------------------|
| Outcome 3: Support for | | | | | |
| Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance. | Estimated actual \$'000 | Budget \$'000 | Forward estimate \$'000 | Forward estimate \$'000 | Forward estimate \$'000 |
| Program 3.1: Ministerial and Parliamentary Services | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services (Appropriation Bill No. 1) | | | | | |
| Electorate and ministerial support costs | 270,005 | 273,349 | 274,661 | 275,789 | 276,983 |
| Australian Political Exchange Program | 889 | 902 | 916 | 930 | 945 |
| 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)</i> | 4,936 | 4,966 | 4,966 | 4,966 | 4,966 |
| <i>Members of Parliament (Life Gold Pass) Act 2002</i> | 1,119 | 1,168 | 1,059 | 1,075 | 1,092 |
| <i>Parliamentary Entitlements Act 1990</i> | 177,550 | 183,041 | 181,216 | 182,460 | 189,083 |
| Expenses not requiring appropriation in the Budget year ^(a) | 9,756 | 9,756 | 9,755 | 9,754 | 9,757 |
| Administered Total | 466,455 | 475,382 | 474,773 | 477,174 | 485,026 |
| Departmental expenses | | | | | |
| Departmental appropriation ^(b) | | | | | |
| Services to Senators, Members and their staff | 42,412 | 38,861 | 38,790 | 38,935 | 39,327 |
| Car-with-driver and associated transport services | 2,221 | 2,245 | 2,239 | 2,251 | 2,280 |
| Expenses not requiring appropriation in the Budget year ^(a) | 2,648 | 2,755 | 2,772 | 2,773 | 2,773 |
| Departmental Total | 47,282 | 43,860 | 43,802 | 43,960 | 44,380 |
| Total expenses for program 3.1 | 513,737 | 519,242 | 518,575 | 521,134 | 529,406 |
| Outcome 3 Totals by appropriation type | | | | | |
| Administered expenses | | | | | |
| Ordinary annual services | | | | | |
| Appropriation Bill No. 1 | 273,094 | 276,451 | 277,777 | 278,919 | 280,128 |
| Special appropriations | 183,605 | 189,175 | 187,241 | 188,501 | 195,141 |
| Expenses not requiring appropriation in the Budget year ^(a) | 9,756 | 9,756 | 9,755 | 9,754 | 9,757 |
| Administered Total | 466,455 | 475,382 | 474,773 | 477,174 | 485,026 |
| Departmental expenses | | | | | |
| Departmental appropriation ^(b) | 44,634 | 41,105 | 41,029 | 41,186 | 41,607 |
| Expenses not requiring appropriation in the Budget year ^(a) | 2,648 | 2,755 | 2,772 | 2,773 | 2,773 |
| Departmental Total | 47,282 | 43,860 | 43,802 | 43,960 | 44,380 |
| Total expenses for Outcome 3 | 513,737 | 519,242 | 518,575 | 521,134 | 529,406 |

Finance Budget Statements

| | 2015-16 | 2016-17 |
|--|---------|---------|
| Average staffing level (number) | 232 | 237 |

- (a) 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expenses.
- (b) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 retained revenue receipts'.

Please 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

| Outcome 3 – Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance. | | |
|--|--|--|
| Program 3.1 – Ministerial and Parliamentary Services This program contributes to the outcome through the provision of advice on, access to and payment of parliamentary and post-parliamentary entitlements and targeted assistance to entities. | | |
| Delivery | <ul style="list-style-type: none"> • Providing advice and support to clients and stakeholders. • Paying financial accounts relating to entitlement expenditure, and reporting and auditing of the expenditure of entitlements. • Managing and maintaining the <i>Members of Parliament (Staff) Act 1984</i> employment framework. • Providing client and event transport (car-with-driver) and associated ground transport services to entities. • Managing Commonwealth Parliament Offices and the ministerial wing of Parliament House. • Managing the Australian Political Exchange Program and the Australian Political Parties for Democracy Program. • Paying ministerial salaries. • Providing property and office facilities management. | |
| Purposes | Services | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none"> • Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards. • COMCAR will ensure sufficient driving, fleet, technical and administrative resources are available and COMCAR reservations are completed without service failure. | <p>Targets are expected to be achieved.</p> <ul style="list-style-type: none"> • 93% of client contacts acknowledged within 24 hours and responded to within agreed timeframes. • 95% of payments (including payroll) will be made within agreed timeframes. • 100% of office establishment and relocation projects will be delivered within their approved budget. • 100% of Monthly Management Reports are being distributed by the 15th of each month. • 99% of COMCAR reservations will be completed without service failure. |

Table continues on next page

Table 2.3.2: Performance Criteria for Outcome 3 (Continued)

| Performance Information: Program 3.1 – Ministerial and Parliamentary Services | | |
|---|---|--|
| Year | Performance Criteria | Targets |
| 2016-17 | <ul style="list-style-type: none"> Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards. 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. Establish a project team to manage the implementation of recommendations from the Independent Parliamentary Entitlements System review. | <ul style="list-style-type: none"> 95% of client contacts acknowledged within 24 hours and responded to within agreed timeframes. 95% of payments (including payroll) will be made within agreed timeframes. 100% of office establishment and relocation projects will be delivered within their approved budget. 100% of Monthly Management Reports are being distributed by the 15th of each month. As per 2015-16. Recommendations from the independent review of Parliamentary Entitlements System review are being implemented (ongoing). |
| 2017-18 and beyond | <ul style="list-style-type: none"> Services to Ministers, Office-holders, Senators, Members and their staff meet agreed service standards. Sufficient driving, fleet, technical and administrative resources are available and COMCAR reservations are completed without service failure. Implementation of recommendations from the independent review of Parliamentary Entitlements System. | <ul style="list-style-type: none"> As per 2016-17. As per 2016-17. Recommendations from the independent review of Parliamentary Entitlements System review are being implemented (ongoing). |

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 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

2015-16

Finance is forecasting expenses of \$631.8 million in 2015-16, an increase of \$12.5 million from expenditure forecast in the 2015-16 Additional Estimates. This change is primarily due to a revision of special accounts estimates.

Finance is forecasting total own source income of \$403.7 million, an increase of \$39.3 million from own source income forecast in the 2015-16 Additional Estimates. This is primarily due to an increase in coordinated procurement revenue due to increased agency engagement in procurements.

2016-17

Finance is budgeting for a surplus of \$18.1 million, a decrease of \$10.4 million from the surplus of \$28.5 million forecast in the 2015-16 Additional Estimates. This is primarily due to a revision of special accounts estimates.

Budgeted Balance Sheet - Departmental

The budgeted net asset position as at 30 June 2017 of \$1,972.7 million represents a small decrease of \$2.8 million from that forecast in the 2015-16 Additional Estimates. This is primarily due to a combination of new measures and the asset sale program.

Budgeted Schedule of Comprehensive Income - Administered

2015-16

Estimated administered income for 2015-16 has increased to \$1,763.1 million from the \$1,744.4 million reported in the 2015-16 Additional Estimates. This is primarily due to the reinstatement of estimates for the DisabilityCare Australia Fund, partially offset by revisions in superannuation contributions.

Estimated administered expenses for 2015-16 have increased to \$9,473.3 million from the \$9,406.2 million reported in the 2015-16 Additional Estimates. This is primarily due to the reinstatement of estimates for the DisabilityCare Australia Fund.

2016-17

Finance is budgeting for administered income of \$1,878.7 million in 2016-17, a decrease from the \$1,966.6 million budgeted for in the 2015-16 Additional Estimates. This is primarily due to revisions in superannuation contributions.

Finance is budgeting for administered expenses of \$8,877.9 million in 2016-17, a decrease from the \$11,393.9 million budgeted for in the 2015-16 Additional Estimates. This is primarily due to revisions in estimates for superannuation and the Asset Recycling Fund, partially offset by the reinstatement of estimates for the DisabilityCare Australia Fund.

Budgeted Schedule of Assets and Liabilities - Administered

Administered assets are budgeted to total \$19,119.1 million by 30 June 2017, an increase from the \$18,776.5 million estimated in the 2015-16 Additional Estimates, due primarily to revisions in reinstatement of estimates for the DisabilityCare Australia Fund, partially offset by revisions to estimates for the Asset Recycling Fund.

Administered liabilities are estimated to total \$111,308.2 million by 30 June 2017, a small decrease from \$115,224.2 million estimated in the 2015-16 Additional Estimates primarily due to revisions in superannuation estimates.

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1 Comprehensive Income Statement (Showing Net Cost of Services) for the Period Ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 175,974 | 167,373 | 167,132 | 166,608 | 166,712 |
| Suppliers | 307,963 | 256,444 | 208,991 | 207,401 | 207,620 |
| Depreciation and amortisation ^(a) | 24,409 | 33,483 | 33,975 | 34,316 | 34,805 |
| Net losses from asset sales ^(b) | - | 483 | 1,471 | 541 | - |
| Losses on valuation of investment property | - | 2,906 | - | 13,418 | 8,576 |
| Insurance claims | 116,238 | 132,090 | 137,049 | 142,149 | 147,457 |
| Other expenses | 7,252 | 7,252 | 7,252 | 7,252 | 7,252 |
| Total expenses | 631,836 | 600,031 | 555,870 | 571,685 | 572,422 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Rendering of services | 180,343 | 131,311 | 112,960 | 103,571 | 103,595 |
| Insurance premiums | 126,708 | 136,722 | 141,622 | 146,847 | 152,276 |
| Rental income | 81,531 | 75,322 | 81,765 | 84,584 | 86,882 |
| Other revenue | 7,274 | 7,200 | 5,600 | 5,600 | 5,600 |
| Total own-source revenue | 395,856 | 350,555 | 341,947 | 340,602 | 348,353 |
| Gains | | | | | |
| Gains on valuation of investment property | 4,414 | - | 2,283 | - | - |
| Net gains from asset sales | 2,046 | - | - | - | - |
| Other gains ^(c) | 1,385 | 1,385 | 1,385 | 1,385 | 1,385 |
| Total gains | 7,845 | 1,385 | 3,668 | 1,385 | 1,385 |
| Total own-source income | 403,701 | 351,940 | 345,615 | 341,987 | 349,738 |
| Net (cost of)/contribution by services | (228,135) | (248,091) | (210,255) | (229,698) | (222,684) |
| Revenue from government | 272,909 | 270,248 | 247,337 | 250,669 | 251,123 |
| Surplus/(deficit) before income tax | 44,774 | 22,157 | 37,082 | 20,971 | 28,439 |
| Income tax expense | 4,052 | 4,052 | 4,052 | 4,052 | 4,052 |
| Surplus/(deficit) after income tax | 40,722 | 18,105 | 33,030 | 16,919 | 24,387 |
| Total comprehensive income/(loss) attributable to the Australian Government | 40,722 | 18,105 | 33,030 | 16,919 | 24,387 |

Table continues on next page

Table 3.1 Comprehensive Income Statement (Showing Net Cost of Services) for the Period Ended 30 June (continued)

| | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total comprehensive income/ (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations. | 53,232 | 38,515 | 53,469 | 37,358 | 44,825 |
| less depreciation/amortisation expenses previously funded through revenue appropriations ^(a) | 12,510 | 20,410 | 20,439 | 20,439 | 20,438 |
| Total comprehensive income/ (loss) - as per the Statement of Comprehensive Income | 40,722 | 18,105 | 33,030 | 16,919 | 24,387 |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents ^(a) | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Trade and other receivables ^(b) | 867,822 | 814,373 | 823,935 | 834,019 | 861,177 |
| Other financial assets | 18,706 | 18,706 | 18,706 | 18,706 | 18,706 |
| Total financial assets | 891,528 | 838,079 | 847,641 | 857,725 | 884,883 |
| Non-financial assets | | | | | |
| Land and buildings ^(c) | 933,840 | 975,352 | 959,293 | 921,349 | 906,985 |
| Property, plant and equipment | 27,160 | 51,668 | 64,445 | 83,581 | 87,861 |
| Investment property ^(c) | 589,838 | 588,932 | 593,441 | 580,023 | 571,447 |
| Intangibles | 103,199 | 114,283 | 114,740 | 114,261 | 111,652 |
| Other non-financial assets | 8,552 | 8,552 | 8,552 | 8,552 | 8,552 |
| Total non-financial assets | 1,662,589 | 1,738,787 | 1,740,471 | 1,707,766 | 1,686,497 |
| Total assets | 2,554,117 | 2,576,866 | 2,588,112 | 2,565,491 | 2,571,380 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 47,414 | 53,962 | 60,510 | 67,058 | 73,606 |
| Unearned Revenue | 109,897 | 109,897 | 109,897 | 109,897 | 109,897 |
| Return of equity | 19,875 | 19,875 | 19,875 | 19,875 | 19,875 |
| Other payables | 1,773 | 2,540 | 3,307 | 4,074 | 4,841 |
| Total payables | 178,959 | 186,274 | 193,589 | 200,904 | 208,219 |
| Provisions | | | | | |
| Employee provisions | 65,311 | 67,743 | 70,175 | 72,607 | 75,039 |
| Outstanding insurance claims | 329,005 | 329,005 | 329,005 | 329,005 | 329,005 |
| Other provisions | 24,638 | 21,138 | 21,138 | 21,138 | 21,138 |
| Total provisions | 418,954 | 417,886 | 420,318 | 422,750 | 425,182 |
| Total liabilities | 597,913 | 604,160 | 613,907 | 623,654 | 633,401 |
| Net assets | 1,956,204 | 1,972,706 | 1,974,205 | 1,941,837 | 1,937,979 |
| EQUITY ^(d) | | | | | |
| Contributed equity | 1,577,718 | 1,653,311 | 1,679,219 | 1,675,153 | 1,681,889 |
| Reserves | 152,129 | 152,129 | 152,129 | 152,129 | 152,129 |
| Retained surplus | 226,357 | 167,266 | 142,857 | 114,555 | 103,961 |
| Total Equity | 1,956,204 | 1,972,706 | 1,974,205 | 1,941,837 | 1,937,979 |

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.

(d) 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 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|---|--------------------------------|---|---|---------------------------|
| Opening balance as at 1 July 2016 | | | | |
| Balance carried forward from previous period | 226,357 | 152,129 | 1,577,718 | 1,956,204 |
| Adjusted opening balance | 226,357 | 152,129 | 1,577,718 | 1,956,204 |
| Comprehensive income | | | | |
| Surplus (deficit) for the period | 18,105 | - | - | 18,105 |
| Total comprehensive income | 18,105 | - | - | 18,105 |
| Transactions with owners | | | | |
| Distributions to owners | | | | |
| Returns on capital: | | | | |
| Returns of contributed equity | (77,196) | - | - | (77,196) |
| Contributions by owners | | | | |
| Equity Injection - Appropriation ^(a) | - | - | 69,808 | 69,808 |
| Departmental Capital Budget (DCB) | - | - | 7,221 | 7,221 |
| Restructuring ^(b) | - | - | (1,437) | (1,437) |
| Sub-total transactions with owners | (77,196) | - | 75,593 | (1,603) |
| Estimated closing balance as at 30 June 2017 | 167,266 | 152,129 | 1,653,311 | 1,972,706 |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Rendering of services | 262,146 | 206,905 | 194,997 | 188,427 | 190,747 |
| Appropriations | 287,356 | 323,425 | 237,503 | 240,313 | 223,693 |
| Insurance premiums | 126,708 | 136,722 | 141,622 | 146,847 | 152,276 |
| Other | 7,274 | 7,200 | 5,600 | 5,600 | 5,600 |
| Total cash received | 683,484 | 674,252 | 579,722 | 581,187 | 572,316 |
| Cash used | | | | | |
| Employees | 174,140 | 164,941 | 164,700 | 164,176 | 164,280 |
| Suppliers | 300,030 | 248,511 | 201,058 | 199,468 | 199,687 |
| Insurance claims | 116,238 | 132,090 | 137,049 | 142,149 | 147,457 |
| Transfers to OPA | 54,005 | 77,196 | 57,439 | 45,221 | 34,981 |
| Other | 11,067 | 13,040 | 12,008 | 11,078 | 10,535 |
| Total cash used | 655,480 | 635,778 | 572,254 | 562,092 | 556,940 |
| Net cash from/(used by) operating activities | 28,004 | 38,474 | 7,468 | 19,095 | 15,376 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of assets | 19,024 | 42,215 | 22,458 | 10,240 | - |
| Total cash received | 19,024 | 42,215 | 22,458 | 10,240 | - |
| Cash used | | | | | |
| Construction/ Purchase of land and buildings | 118,764 | 96,221 | 19,939 | 3,820 | - |
| Construction/ Purchase of property, plant and equipment | 30,722 | 36,332 | 24,601 | 30,958 | 16,109 |
| Construction/ Purchase of intangibles | 36,176 | 19,664 | 9,068 | 8,134 | 6,003 |
| Construction/ Purchase of investment properties | 5,146 | 2,000 | 2,226 | - | - |
| Other | 12,002 | 3,502 | - | - | - |
| Total cash used | 202,810 | 157,719 | 55,834 | 42,912 | 22,112 |
| Net cash from/(used by) investing activities | (183,786) | (115,504) | (33,376) | (32,672) | (22,112) |

Table continues on next page

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the Period Ended 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 157,308 | 77,030 | 25,908 | 13,577 | 6,736 |
| Total cash received | 157,308 | 77,030 | 25,908 | 13,577 | 6,736 |
| Net cash from/(used by) financing activities | 157,308 | 77,030 | 25,908 | 13,577 | 6,736 |
| Net increase/(decrease) in cash held | 1,526 | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 3,474 | 5,000 | 5,000 | 5,000 | 5,000 |
| Cash and cash equivalents at the end of the reporting period | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental Capital Budget Statement (for the Period Ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Departmental Capital | | | | | |
| Budget (DCB) - Bill 1 | - | 7,221 | 6,606 | 6,679 | 6,736 |
| Equity injections - Bill 2 | 157,310 | 69,808 | 19,302 | 6,900 | - |
| Total new capital appropriations | 157,310 | 77,029 | 25,908 | 13,579 | 6,736 |
| Provided for: | | | | | |
| Purchase of non-financial assets | 157,310 | 77,029 | 25,908 | 13,579 | 6,736 |
| Total Items | 157,310 | 77,029 | 25,908 | 13,579 | 6,736 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by DCB | - | 7,221 | 6,606 | 6,678 | 6,736 |
| Funded by equity injections | 152,918 | 124,555 | 32,558 | 14,962 | 6 |
| Funded internally from departmental resources ^(a) | 37,892 | 22,442 | 16,670 | 21,273 | 15,370 |
| TOTAL | 190,810 | 154,218 | 55,834 | 42,913 | 22,112 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total asset additions | 190,810 | 154,218 | 55,834 | 42,913 | 22,112 |
| Total cash used to acquire assets | 190,810 | 154,218 | 55,834 | 42,913 | 22,112 |

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 2016-17)

| | Land | Buildings | Other property, plant and equipment | Investment property | Computer software and intangibles | Total |
|--|----------------|-----------------|--|------------------------|--|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2016 | | | | | | |
| Gross book value | 396,320 | 555,721 | 47,549 | 589,838 | 152,290 | 1,741,718 |
| Accumulated depreciation/ amortisation and impairment | - | (18,201) | (20,389) | - | (49,091) | (87,681) |
| Opening net book balance | 396,320 | 537,520 | 27,160 | 589,838 | 103,199 | 1,654,037 |
| Estimated expenditure on new or replacement assets | | | | | | |
| By purchase/construction - appropriation equity ^(a) | - | 96,221 | 13,105 | 2,000 | 13,229 | 124,555 |
| By purchase/construction - appropriation ordinary annual services ^(b) | - | - | 785 | - | 6,435 | 7,220 |
| By purchase - internally funded | - | - | 22,442 | - | - | 22,442 |
| Total additions | - | 96,221 | 36,332 | 2,000 | 19,664 | 154,217 |
| Other movements | | | | | | |
| Assets transferred in (out) | - | (1,437) | - | - | - | (1,437) |
| Depreciation / amortisation expense | - | (13,077) | (11,824) | - | (8,582) | (33,483) |
| Disposals ^(c) | - | (40,195) | - | - | - | (40,195) |
| Gains | - | - | - | (2,906) | - | (2,906) |
| Total other movements | - | (54,709) | (11,824) | (2,906) | (8,582) | (78,021) |
| As at 30 June 2017 | | | | | | |
| Gross book value | 396,320 | 637,428 | 72,057 | 588,932 | 163,372 | 1,858,109 |
| Accumulated depreciation/ amortisation and impairment | - | (58,396) | (20,389) | - | (49,091) | (127,876) |
| Closing net book balance | 396,320 | 579,032 | 51,668 | 588,932 | 114,281 | 1,730,233 |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 241,843 | 239,821 | 240,825 | 241,750 | 241,750 |
| Suppliers | 228,449 | 254,550 | 268,880 | 277,535 | 317,735 |
| Superannuation ^(a) | 8,788,805 | 7,876,521 | 8,062,583 | 8,253,005 | 8,428,313 |
| Distributions from the Investment Funds ^(b) | 186,536 | 476,697 | 2,822,684 | 4,587,097 | 1,489,553 |
| Grants | 2,911 | 2,927 | 2,944 | 2,960 | 2,978 |
| Depreciation and amortisation | 20,689 | 20,691 | 20,691 | 20,691 | 20,691 |
| Write-down and impairment of assets | 106 | 106 | 106 | 106 | 106 |
| Other expenses | 3,946 | 6,569 | 6,519 | 3,955 | 3,888 |
| Total expenses administered on behalf of government | 9,473,285 | 8,877,882 | 11,425,232 | 13,387,099 | 10,505,014 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Non-taxation revenue | | | | | |
| Rendering of services | 3,712 | 3,775 | 3,839 | 3,904 | 3,904 |
| Interest and dividends ^(c) | 366,997 | 499,043 | 710,079 | 729,618 | 1,052,278 |
| Superannuation contributions ^(d) | 1,390,144 | 1,309,845 | 1,235,704 | 1,191,592 | 1,147,496 |
| Other revenue | 19,276 | 9,636 | 9,636 | 9,636 | 9,636 |
| Total non-taxation revenue | 1,780,129 | 1,822,299 | 1,959,258 | 1,934,750 | 2,213,314 |
| Total own-source revenue administered on behalf of government | 1,780,129 | 1,822,299 | 1,959,258 | 1,934,750 | 2,213,314 |
| Gains | | | | | |
| Gains on sale of investments | (21,374) | 52,136 | 75,706 | 77,913 | 113,679 |
| Other gains | 4,302 | 4,302 | 4,302 | 4,302 | 4,302 |
| Total gains administered on behalf of government | (17,072) | 56,438 | 80,008 | 82,215 | 117,981 |
| Total own-sourced income administered on behalf of government | 1,763,057 | 1,878,737 | 2,039,266 | 2,016,965 | 2,331,295 |
| Net cost of/ (contribution by) services | 7,710,228 | 6,999,145 | 9,385,966 | 11,370,134 | 8,173,719 |
| Total comprehensive income / (loss) | (7,710,228) | (6,999,145) | (9,385,966) | (11,370,134) | (8,173,719) |

Prepared on Australian Accounting Standards basis.

(a) The 2015-16 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 2.2.1.1-6.

(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 Assets and Liabilities Administered on Behalf of Government (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Trade and other receivables | 153,042 | 146,832 | 140,201 | 133,230 | 125,907 |
| Investments ^(a) | 15,667,565 | 18,825,530 | 24,888,576 | 21,411,428 | 29,704,120 |
| Other financial assets | 51,595 | 51,595 | 51,595 | 51,595 | 51,595 |
| Total financial assets | 15,872,202 | 19,023,957 | 25,080,372 | 21,596,253 | 29,881,622 |
| Non-financial assets | | | | | |
| Buildings | 23,033 | 21,067 | 18,726 | 17,534 | 16,492 |
| Property, plant and equipment | 71,868 | 68,085 | 63,370 | 58,101 | 52,880 |
| Intangibles | 2,033 | 2,033 | 2,033 | 2,033 | 2,033 |
| Other non-financial assets | 3,971 | 3,971 | 3,971 | 3,971 | 3,971 |
| Total non-financial assets | 100,905 | 95,156 | 88,100 | 81,639 | 75,376 |
| Total assets administered on behalf of government | 15,973,107 | 19,119,113 | 25,168,472 | 21,677,892 | 29,956,998 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 9,033 | 9,033 | 9,033 | 9,033 | 9,033 |
| Other payables | 20,387 | 20,387 | 20,387 | 20,387 | 20,387 |
| Total payables | 29,420 | 29,420 | 29,420 | 29,420 | 29,420 |
| Provisions | | | | | |
| Employees ^(b) | 248,756 | 248,756 | 248,756 | 248,756 | 248,756 |
| Superannuation ^(c) | 107,590,479 | 111,015,312 | 114,388,486 | 117,701,692 | 120,915,382 |
| Other provisions | 15,473 | 14,666 | 13,774 | 12,783 | 11,687 |
| Total provisions | 107,854,708 | 111,278,734 | 114,651,016 | 117,963,231 | 121,175,825 |
| Total liabilities administered on behalf of government | 107,884,128 | 111,308,154 | 114,680,436 | 117,992,651 | 121,205,245 |
| Net assets/(liabilities) | (91,911,021) | (92,189,041) | (89,511,964) | (96,314,759) | (91,248,247) |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Rendering of services | 3,712 | 3,775 | 3,839 | 3,904 | 3,902 |
| Interest and dividends ^(a) | 361,549 | 493,652 | 704,766 | 724,408 | 1,047,201 |
| Superannuation contributions - employers ^(b) | 1,384,542 | 1,431,477 | 1,351,470 | 1,304,286 | 1,256,975 |
| Superannuation funds contributions ^(c) | 1,852,949 | 1,892,741 | 1,917,440 | 1,931,324 | 1,936,723 |
| Other | 12,775 | 3,138 | 3,137 | 3,137 | 3,137 |
| Total cash received | 3,615,527 | 3,824,783 | 3,980,652 | 3,967,059 | 4,247,938 |
| Cash used | | | | | |
| Employees ^(d) | 241,782 | 239,759 | 240,763 | 241,688 | 241,750 |
| Suppliers | 228,072 | 254,171 | 268,500 | 277,157 | 313,433 |
| Distributions from the investment funds ^(e) | 186,536 | 476,697 | 2,822,684 | 4,587,097 | 1,489,553 |
| Grants | 2,911 | 2,927 | 2,944 | 2,960 | 2,978 |
| Superannuation ^(f) | 6,194,240 | 6,337,437 | 6,600,657 | 6,869,884 | 7,145,364 |
| Other | 4,843 | 7,376 | 7,411 | 4,946 | 5,087 |
| Total cash used | 6,858,384 | 7,318,367 | 9,942,959 | 11,983,732 | 9,198,165 |
| Net cash from/(used by) operating activities | (3,242,857) | (3,493,584) | (5,962,307) | (8,016,673) | (4,950,227) |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Payments from sales of investments | 2,948,502 | 2,618,546 | 13,989,787 | 11,145,288 | 5,500,097 |
| Repayments of advances and loans | 12,550 | 11,601 | 12,865 | 12,180 | 12,400 |
| Total cash received | 2,961,052 | 2,630,147 | 14,002,652 | 11,157,468 | 5,512,497 |

Table continues on next page

Table 3.9: Schedule of Budgeted Administered Cash Flows (for the Period Ended 30 June) (continued)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Cash used | | | | | |
| Purchase of property, plant and equipment | 4,311 | 4,822 | 3,890 | 3,336 | 3,384 |
| Purchase of buildings | 11,712 | 10,320 | 9,945 | 11,094 | 11,244 |
| Purchase of investments | 6,936,779 | 5,724,177 | 19,977,849 | 7,590,024 | 13,678,909 |
| Total cash used | 6,952,802 | 5,739,318 | 19,991,683 | 7,604,454 | 13,693,537 |
| Net cash from/(used by) investing activities | (3,991,750) | (3,109,171) | (5,989,031) | 3,553,014 | (8,181,040) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributions to the Investment Funds | 6,598,851 | 5,253,149 | 19,294,695 | 6,887,000 | 12,653,999 |
| Appropriations - contributed equity | 1,864,088 | 1,901,844 | 1,926,186 | 1,940,235 | 1,946,394 |
| Total cash received | 8,462,939 | 7,154,993 | 21,220,881 | 8,827,235 | 14,600,393 |
| Cash used | | | | | |
| Distributions from the Investment Funds ^(e) | 2,745,635 | 2,110,364 | 11,119,674 | 6,503,582 | 3,923,586 |
| Total cash used | 2,745,635 | 2,110,364 | 11,119,674 | 6,503,582 | 3,923,586 |
| Net cash from/(used by) Financing activities | 5,717,304 | 5,044,629 | 10,101,207 | 2,323,653 | 10,676,807 |
| Net increase/(decrease) in cash held | (1,517,303) | (1,558,126) | (1,850,131) | (2,140,006) | (2,454,460) |
| Cash and cash equivalents at beginning of reporting period ^(g) | 4,567 | - | - | - | - |
| Cash from Official Public Account for | | | | | |
| Appropriations | 4,809,807 | 4,925,960 | 5,163,101 | 5,418,966 | 5,692,191 |
| Cash to Official Public Account for: | | | | | |
| Appropriations | (3,297,071) | (3,367,834) | (3,312,970) | (3,278,960) | (3,237,731) |
| Cash and cash equivalents at end of reporting period | - | - | - | - | - |

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 2.2.1.1-6.

(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 2015-16 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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Administered Capital | | | | | |
| Budget (ACB) - Bill 1 ^(a) | 4,832 | 4,919 | 4,993 | 5,069 | 5,165 |
| Administered Assets and | | | | | |
| Liabilities - Bill 2 ^(b) | 1,759 | 1,672 | 1,755 | 996 | 1,091 |
| Special capital appropriation ^(c) | 1,847,169 | 1,886,740 | 1,911,459 | 1,924,825 | 1,930,692 |
| Total new capital appropriations | 1,853,760 | 1,893,331 | 1,918,207 | 1,930,890 | 1,936,948 |
| Provided for: | | | | | |
| Purchase of non-financial | | | | | |
| assets | 5,695 | 5,782 | 5,856 | 5,085 | 5,181 |
| Other Items | 1,848,065 | 1,887,549 | 1,912,351 | 1,925,805 | 1,931,767 |
| Total items | 1,853,760 | 1,893,331 | 1,918,207 | 1,930,890 | 1,936,948 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by ACB - Bill 1 | 4,832 | 4,919 | 4,993 | 5,069 | 5,165 |
| Funded by Administered Assets | | | | | |
| and Liabilities - Act 2 | 863 | 1,710 | 863 | 16 | 16 |
| Funded by special | | | | | |
| appropriations | 10,328 | 8,512 | 7,978 | 9,345 | 9,447 |
| TOTAL | 16,023 | 15,141 | 13,834 | 14,430 | 14,628 |
| RECONCILIATION OF CASH USED | | | | | |
| TO ACQUIRE ASSETS TO | | | | | |
| ASSET MOVEMENT TABLE | | | | | |
| Total asset additions | 16,023 | 15,141 | 13,834 | 14,430 | 14,628 |
| Total cash used to acquire assets | 16,023 | 15,141 | 13,834 | 14,430 | 14,628 |

(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 ICON, 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 2016-17)

| | Buildings | Other property, plant and equipment | Intangibles | Total |
|---|-----------------|--|--------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2016 | | | | |
| Gross book value | 61,910 | 86,583 | 3,194 | 151,687 |
| Accumulated depreciation/ amortisation and impairment | (38,877) | (14,715) | (1,161) | (54,753) |
| Opening net book balance | 23,033 | 71,868 | 2,033 | 96,934 |
| CAPITAL ASSET ADDITIONS | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - appropriation equity | - | 1,710 | - | 1,710 |
| By purchase - appropriation ordinary annual services | 3,502 | 1,417 | - | 4,919 |
| By purchase - special appropriations | 6,818 | 1,694 | - | 8,512 |
| Total additions | 10,320 | 4,822 | - | 15,141 |
| Other movements | | | | |
| Depreciation/amortisation expense | (12,086) | (8,605) | - | (20,691) |
| Disposals | (200) | - | - | (200) |
| Total other movements | (12,286) | (8,605) | - | (20,891) |
| As at 30 June 2017 | | | | |
| Gross book value | 72,030 | 91,405 | 3,194 | 166,628 |
| Accumulated depreciation/ amortisation and impairment | (50,963) | (23,320) | (1,161) | (75,444) |
| Closing net book balance | 21,067 | 68,085 | 2,033 | 91,184 |

Prepared on Australian Accounting Standards basis.

Australian Electoral Commission

Entity Resources and Planned Performance

AUSTRALIAN ELECTORAL COMMISSION

| | |
|---|-----------|
| Section 1: Entity Overview and Resources | 76 |
| 1.1 Strategic Direction Statement | 76 |
| 1.2 Entity Resource Statement | 77 |
| 1.3 Budget Measures..... | 79 |
| Section 2: Outcomes and Planned Performance..... | 80 |
| 2.1 Budgeted Expenses and Performance for Outcome 1 | 81 |
| Section 3: Budgeted Financial Statements | 86 |
| 3.1 Budgeted Financial Statements..... | 86 |

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.

During 2016-17 the AEC is expecting to conduct a federal election incorporating a range of reforms, supported by a new election planning framework.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity 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 (i.e. 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 2016-17 as at Budget May 2016

| | 2015-16 <i>Estimated actual</i> \$'000 | 2016-17 Estimate \$'000 |
|---|--|-------------------------------|
| Departmental | | |
| Annual Appropriation - ordinary annual services ^(a) | | |
| Prior year appropriations | 46,322 | - |
| Departmental appropriation | 222,958 | 304,347 |
| s74 Retained revenue receipts ^(b) | 10,841 | 10,952 |
| Departmental capital budget ^(c) | 11,012 | 6,171 |
| Total departmental annual appropriations | 291,133 | 321,470 |
| Total departmental special appropriations ^(d) | 9,000 | 9,000 |
| Total departmental resourcing | 300,133 | 330,470 |
| Administered | | |
| Total administered special appropriations | 664 | 74,000 |
| Special accounts | | |
| Opening balance | - | 2,500 |
| Non-appropriation receipts | 2,500 | - |
| Total special account receipts | 2,500 | 2,500 |
| Total administered resourcing | 3,164 | 76,500 |
| Total resourcing for Australian Electoral Commission | 303,297 | 406,970 |
| | 2015-16 | 2016-17 |
| Average staffing level (number) | 819 | 795 |

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

(a) Appropriation Bill (No.1) 2016-17.

(b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) 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'.

(d) Excludes *Services for Other Entities and Trust Moneys* accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

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

1.3 BUDGET MEASURES

Table 1.2: Australian Electoral Commission 2016-17 Budget Measures

Part 1: Measures announced since the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO)

| | Program | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| Departmental expenses | | | | | | |
| Enhancements to EasyCount and Ballot Papers | 1.1 | (4,300) | (500) | - | - | - |
| Total | | (4,300) | (500) | - | - | - |
| Total expense measures | | (4,300) | (500) | - | - | - |
| Departmental | | (4,300) | (500) | - | - | - |
| Total | | (4,300) | (500) | - | - | - |

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.

Part 2: Other Measures not Previously Reported in a Portfolio Statement

The AEC has no other budget measures not previously reported in a Portfolio Statement.

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:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plan and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

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. | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| Program 1.1: Deliver Electoral Events | | | | | |
| Administered expenses | | | | | |
| Special appropriation | | | | | |
| <i>Commonwealth Electoral Act 1918</i> | - | 76,000 | - | - | 76,000 |
| <i>Public Governance, Performance and Accountability Act 2013 - s77</i> ^(a) | 664 | - | - | - | - |
| Administered Total | 664 | 76,000 | - | - | 76,000 |
| Departmental expenses | | | | | |
| Departmental appropriation | 269,280 | 289,272 | 104,568 | 117,511 | 261,226 |
| s74 Retained revenue receipts ^(b) | 10,841 | 10,952 | 11,038 | 11,038 | 11,038 |
| Special appropriation | | | | | |
| <i>Commonwealth Electoral Act 1918</i> | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Expenses not requiring appropriation in the Budget year ^(c) | 8,080 | 8,804 | 8,291 | 8,821 | 9,612 |
| Departmental Total | 297,201 | 318,028 | 132,897 | 146,370 | 290,876 |
| Total expenses for Program 1.1 | 297,865 | 394,028 | 132,897 | 146,370 | 366,876 |
| Outcome 1 Totals by appropriation type | | | | | |
| Administered expenses | | | | | |
| Special appropriations | 664 | 76,000 | - | - | 76,000 |
| Departmental expenses | | | | | |
| Departmental appropriation | 280,121 | 300,224 | 115,606 | 128,549 | 272,264 |
| Special appropriations | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Expenses not requiring appropriation in the Budget year ^(c) | 8,080 | 8,804 | 8,291 | 8,821 | 9,612 |
| Total expenses for Outcome 1 | 297,865 | 394,028 | 132,897 | 146,370 | 366,876 |
| | | | | | |
| | 2016-17 | 2017-18 | | | |
| Average staffing level (number) | 819 | 795 | | | |

(a) Repayments not provided under other appropriations.

(b) Estimated expenses incurred in relation to receipts retained under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

Please 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 2016-17 Budget measures have created new programs or materially changed existing programs.

| | | |
|---|--|---|
| 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. | | |
| Program 1.1 – Deliver Electoral Events | | |
| Delivery | AEC's programme 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 programmes. | |
| Purposes | 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. | |
| Performance information: Program 1.1 – Deliver Electoral Events | | |
| Year | Performance Criteria | Targets |
| 2015-16 | <p>Federal Elections, By-elections and Referendums</p> <ul style="list-style-type: none">Federal electoral events are successfully delivered.Maintain ability to conduct a federal electoral event within the timeframe determined by the Electoral Commissioner. <p>Electoral Roll Management</p> <ul style="list-style-type: none">High level of confidence in the Electoral Roll. <p>Support Services for Electoral Redistributions</p> <ul style="list-style-type: none">Effective and timely conduct of redistribution activities. <p>Party Registrations and Financial Disclosure</p> <ul style="list-style-type: none">Party registration processed in accordance with the Electoral Act.Financial disclosures obtained and placed on the public record in accordance with the Electoral Act. | <ul style="list-style-type: none">Two federal by-elections were delivered successfully.The AEC remains ready and capable of delivering an election within required timeframes.Completeness has increased with accuracy being maintained.Three redistributions (Western Australia, Australian Capital Territory and New South Wales) have been conducted and finalised.The Register of Political Parties has been maintained in accordance with the Electoral Act.Annual and election financial disclosure returns received are published on the AEC website by the required dates. |

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 |
| 2015-16 (cont) | <p>Industrial and Commercial Elections</p> <ul style="list-style-type: none"> Industrial elections are delivered in accordance with the <i>Fair Work (Registered Organisations) Act 2009</i> and each organisation's rules. Protected Action Ballots are delivered in accordance with the provisions of the <i>Fair Work Act 2009</i> and the orders issued by the Fair Work Commission. Torres Strait Regional Authority elections are delivered in accordance with the <i>Aboriginal and Torres Strait Islander Act 2005</i>. <p>Public Awareness</p> <ul style="list-style-type: none"> Electoral education is provided to Australian schools through the operation of the National Electoral Education Centre, conduct of teacher professional development workshops and provision of education resources. Information is timely and accurate, uses appropriate technology and channels, and meets accessibility standards. Provide targeted and culturally appropriate electoral services to Aboriginal and Torres Strait Islander people through the delivery of the Indigenous Electoral Participation Program. | <ul style="list-style-type: none"> The AEC has conducted industrial elections and Protected Action Ballots in accordance with the relevant pieces of legislation. A Torres Strait Regional Authority election was not held in the 2015-16 financial year. 61,500 visitors to end of March 2016. 11 teacher professional development workshops were conducted in three states totalling 155 participants. The AEC continues to deliver communication, education and public awareness activities to inform Australians of electoral matters using contemporary technology. |
| 2016-17 | <p>Elections, By-elections and Referendums</p> <ul style="list-style-type: none"> Federal electoral events are successfully delivered. Maintain ability to conduct a federal electoral event within a timeframe as assessed by the Electoral Commissioner. Timely conduct of redistribution activities. Industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections are delivered in accordance with the relevant legislation and rules. | <ul style="list-style-type: none"> Delivery of a federal electoral event is successful. The AEC remains ready and capable of delivering a federal electoral event within required timeframes. Redistributions are finalised within required timeframes. Conduct successful industrial elections, Protected Action Ballots, and Torres Strait Regional Authority elections in accordance with relevant legislation and rules. |

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 (cont) | <p>Electoral Roll Management</p> <ul style="list-style-type: none"> • High level of confidence in the Electoral Roll. <p>Party Registrations and Financial Disclosure</p> <ul style="list-style-type: none"> • Party registration processed in accordance with the Electoral Act. • Financial disclosures obtained and placed on the public record in accordance with the Electoral Act. <p>Public Awareness</p> <ul style="list-style-type: none"> • Deliver communication, education and public awareness activities to inform all Australians of electoral matters. • Information is timely and accurate, uses appropriate technology and channels, and meets accessibility standards. | <ul style="list-style-type: none"> • A complete and accurate Electoral Roll. • The Register of Political Parties is maintained in accordance with the Electoral Act. • Annual and election financial disclosure returns are published on the AEC website by the required dates. • Appropriate strategies are implemented to deliver communication, education and public awareness activities to inform all Australians of electoral matters. • Effective use of contemporary technology to deliver modern products and services is used wherever possible and is accessible. |
| 2017-18 and beyond | As per 2016-17. | As per 2016-17. |

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 Budget Year, including the impact of Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory Notes and Analysis of Budgeted Financial Statements

The AEC's expected actual revenue and expenses for this financial year have increased from the amounts published in the 2015-16 Portfolio Additional Estimates Statements (PAES). This relates to updated forecasts for the Federal Election and expected costs for the implementation of the Commonwealth Electoral Amendment Bill 2016. The AEC will use existing cash reserves to fund some of this amount.

For 2016-17 the AEC is budgeting for a surplus. This is a timing issue, with funding being appropriated in the 2016-17 year, to cover costs incurred this financial year. The significant increase in budget revenue and expenses for 2016-17 is to fund the majority of the costs of the upcoming Federal Election.

Budget revenue and expenses for the out-years remains similar to those published in the 2015-16 PAES.

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (Showing Net Cost of Services) for the Period Ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 109,674 | 194,868 | 76,492 | 83,850 | 137,479 |
| Suppliers | 179,447 | 114,356 | 48,114 | 53,699 | 143,785 |
| Depreciation and amortisation | 7,995 | 8,719 | 8,206 | 8,736 | 9,527 |
| Other expenses | 85 | 85 | 85 | 85 | 85 |
| Total expenses | 297,201 | 318,028 | 132,897 | 146,370 | 290,876 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 10,841 | 10,952 | 11,038 | 11,038 | 11,038 |
| Total own-source revenue | 10,841 | 10,952 | 11,038 | 11,038 | 11,038 |
| Gains | | | | | |
| Other | 85 | 85 | 85 | 85 | 85 |
| Total gains | 85 | 85 | 85 | 85 | 85 |
| Total own-source income | 10,926 | 11,037 | 11,123 | 11,123 | 11,123 |
| Net (cost of)/ contribution by services | (286,275) | (306,991) | (121,774) | (135,247) | (279,753) |
| Revenue from government | 231,958 | 313,347 | 113,568 | 126,511 | 270,226 |
| Surplus/(deficit) attributable to the Australian Government | (54,317) | 6,356 | (8,206) | (8,736) | (9,527) |
| Total comprehensive income/(loss) attributable to the Australian Government | (54,317) | 6,356 | (8,206) | (8,736) | (9,527) |

Note: Impact of net cash appropriation arrangements

| | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations. | (46,322) | 15,075 | - | - | - |
| less depreciation/amortisation expenses previously funded through revenue appropriations ^(a) | (7,995) | (8,719) | (8,206) | (8,736) | (9,527) |
| Total comprehensive income/(loss) - as per the statement of comprehensive income | (54,317) | 6,356 | (8,206) | (8,736) | (9,527) |

Prepared on Australian Accounting Standards basis.

(a) 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

AEC Budget Statements

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 891 | 891 | 891 | 891 | 891 |
| Trade and other receivables | 12,319 | 27,394 | 27,394 | 27,394 | 27,394 |
| Total financial assets | 13,210 | 28,285 | 28,285 | 28,285 | 28,285 |
| Non-financial assets | | | | | |
| Land and buildings | 12,494 | 12,104 | 11,217 | 12,343 | 9,993 |
| Property, plant and equipment | 6,754 | 5,793 | 7,591 | 7,665 | 8,776 |
| Intangibles | 15,350 | 14,153 | 13,122 | 14,101 | 16,769 |
| Inventories | 3,055 | 3,055 | 3,055 | 3,055 | 3,055 |
| Other non-financial assets | 2,068 | 2,068 | 2,068 | 2,068 | 2,068 |
| Total non-financial assets | 39,721 | 37,173 | 37,053 | 39,232 | 40,661 |
| Total assets | 52,931 | 65,458 | 65,338 | 67,517 | 68,946 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 7,786 | 7,786 | 7,786 | 7,786 | 7,786 |
| Other payables | 5,119 | 5,119 | 5,119 | 5,119 | 5,119 |
| Total payables | 12,905 | 12,905 | 12,905 | 12,905 | 12,905 |
| Provisions | | | | | |
| Employee provisions | 24,085 | 24,085 | 24,085 | 24,085 | 24,085 |
| Other provisions | 1,561 | 1,561 | 1,561 | 1,561 | 1,561 |
| Total provisions | 25,646 | 25,646 | 25,646 | 25,646 | 25,646 |
| Total liabilities | 38,551 | 38,551 | 38,551 | 38,551 | 38,551 |
| Net assets | 14,380 | 26,907 | 26,787 | 28,966 | 30,395 |
| EQUITY ^(a) | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 54,202 | 60,373 | 68,459 | 79,374 | 90,330 |
| Reserves | 21,100 | 21,100 | 21,100 | 21,100 | 21,100 |
| Retained surplus (accumulated deficit) | (60,922) | (54,566) | (62,772) | (71,508) | (81,035) |
| Total Equity | 14,380 | 26,907 | 26,787 | 28,966 | 30,395 |

Prepared on Australian Accounting Standards basis.

(a) '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 2016-17)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|--|--------------------------------|---|---|---------------------------|
| Opening balance as at 1 July 2016 | | | | |
| Balance carried forward from previous period | (60,922) | 21,100 | 54,202 | 14,380 |
| Adjusted opening balance | (60,922) | 21,100 | 54,202 | 14,380 |
| Comprehensive income | | | | |
| Surplus/(deficit) for the period | 6,356 | - | - | 6,356 |
| Total comprehensive income | 6,356 | - | - | 6,356 |
| Transactions with owners | | | | |
| Contributions by owners | | | | |
| Departmental Capital Budget (DCB) | - | - | 6,171 | 6,171 |
| Sub-total transactions with owners | - | - | 6,171 | 6,171 |
| Estimated closing balance as at 30 June 2017 | (54,566) | 21,100 | 60,373 | 26,907 |
| Closing balance attributable to the Australian Government | (54,566) | 21,100 | 60,373 | 26,907 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the Period Ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 278,280 | 298,272 | 113,568 | 126,511 | 270,226 |
| Sale of goods and rendering of services | 10,841 | 10,952 | 11,038 | 11,038 | 11,038 |
| Total cash received | 289,121 | 309,224 | 124,606 | 137,549 | 281,264 |
| Cash used | | | | | |
| Employees | 109,224 | 194,868 | 76,492 | 83,850 | 137,479 |
| Suppliers | 179,456 | 114,356 | 48,114 | 53,699 | 143,785 |
| Total cash used | 288,680 | 309,224 | 124,606 | 137,549 | 281,264 |
| Net cash from/(used by) operating activities | 441 | - | - | - | - |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 11,453 | 6,171 | 8,118 | 11,023 | 11,130 |
| Total cash used | 11,453 | 6,171 | 8,118 | 11,023 | 11,130 |
| Net cash from/(used by) investing activities | (11,453) | (6,171) | (8,118) | (11,023) | (11,130) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Total cash received | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Net cash from/(used by) financing activities | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Net increase/(decrease) in cash held | - | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 891 | 891 | 891 | 891 | 891 |
| Cash and cash equivalents at the end of the reporting period | 891 | 891 | 891 | 891 | 891 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental Capital Budget Statement (for the Period Ended 30 June)

| | 2015-16 Estimate d actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| NEW CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Bill 1 (DCB) | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Total new capital appropriations | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Provided for: | | | | | |
| Purchase of non-financial assets | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Total Items | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriation - DCB ^(a) | 11,012 | 6,171 | 8,118 | 11,023 | 11,130 |
| Funded internally from departmental resources ^(b) | 441 | - | - | - | - |
| TOTAL | 11,453 | 6,171 | 8,118 | 11,023 | 11,130 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 11,453 | 6,171 | 8,118 | 11,023 | 11,130 |
| Total cash used to acquire assets | 11,453 | 6,171 | 8,118 | 11,023 | 11,130 |

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2016-17 for depreciation/amortisation expenses, DCBs or other operational expenses.

(b) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- internally developed assets;
- s74 relevant entity receipts; and
- proceeds from the sale of assets.

Table 3.6: Statement of Asset Movements (Budget Year 2016-17)

| | Buildings | Other property, plant and equipment | Computer software and intangibles | Total |
|--|----------------|--|--|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2016 | | | | |
| Gross book value | 15,678 | 9,433 | 56,693 | 81,804 |
| Accumulated depreciation/ amortisation and impairment | (3,184) | (2,679) | (41,343) | (47,206) |
| Opening net book balance | 12,494 | 6,754 | 15,350 | 34,598 |
| Capital asset additions | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - appropriation ordinary annual services ^(a) | 3,000 | 1,671 | 1,500 | 6,171 |
| Total additions | 3,000 | 1,671 | 1,500 | 6,171 |
| Other movements | | | | |
| Depreciation/amortisation expense | (3,390) | (2,632) | (2,697) | (8,719) |
| Total other movements | (3,390) | (2,632) | (2,697) | (8,719) |
| As at 30 June 2017 | | | | |
| Gross book value | 18,678 | 11,104 | 58,193 | 87,975 |
| Accumulated depreciation / amortisation and impairment | (6,574) | (5,311) | (44,040) | (55,925) |
| Closing net book balance | 12,104 | 5,793 | 14,153 | 32,050 |

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2016-17 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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Other expenses | 664 | 76,000 | - | - | 76,000 |
| Total expenses administered on behalf of government | 664 | 76,000 | - | - | 76,000 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Non-taxation revenue | | | | | |
| Fees and fines | 33 | 2,000 | 66 | 33 | 2,000 |
| Total non-taxation revenue | 33 | 2,000 | 66 | 33 | 2,000 |
| Total own-source revenue administered on behalf of government | 33 | 2,000 | 66 | 33 | 2,000 |
| Net cost of/ (contribution by) services | (631) | (74,000) | 66 | 33 | (74,000) |
| Total comprehensive income/(loss) | (631) | (74,000) | 66 | 33 | (74,000) |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other | 33 | 2,000 | 66 | 33 | 2,000 |
| Total cash received | 33 | 2,000 | 66 | 33 | 2,000 |
| Cash used | | | | | |
| Other | 664 | 76,000 | - | - | 76,000 |
| Total cash used | 664 | 76,000 | - | - | 76,000 |
| Net cash from/(used by) operating activities | (631) | (74,000) | 66 | 33 | (74,000) |
| Net increase/(decrease) in cash held | (631) | (74,000) | 66 | 33 | (74,000) |
| Cash and cash equivalents at beginning of reporting period | - | - | - | - | - |
| Cash from Official Public Account for Appropriations | 664 | 76,000 | - | - | 76,000 |
| Cash to Official Public Account for Appropriations | (33) | (2,000) | (66) | (33) | (2,000) |
| Cash and cash equivalents at the end of reporting period | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

Commonwealth Superannuation Corporation

Entity Resources and Planned Performance

COMMONWEALTH SUPERANNUATION CORPORATION

| | |
|---|------------|
| Section 1: Entity Overview and Resources | 101 |
| 1.1 Strategic Direction Statement | 101 |
| 1.2 Entity Resource Statement | 102 |
| 1.3 Budget Measures..... | 103 |
| Section 2: Outcomes and Planned Performance..... | 104 |
| 2.1 Budgeted Expenses and Performance for Outcome 1 | 105 |
| Section 3: Budgeted Financial Statements | 109 |
| 3.1 Budgeted Financial Statements..... | 109 |

COMMONWEALTH SUPERANNUATION CORPORATION

Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

Commonwealth Superannuation Corporation (CSC) is responsible for the management 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 new accumulation plan Australian Defence Force (ADF) Super from 1 July 2016. 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 new Australian Defence Force (ADF) Cover invalidity scheme from 1 July 2016.

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.

CSC became solely responsible for all superannuation functions with the merger of ComSuper into CSC on 1 July 2015 and the assumption of its functions by CSC. This means there is a revised single outcome statement.

On 13 May 2014 the government announced its intention to close MSBS to new members from 1 July 2016. Following the passing of the relevant legislation on 10 September 2015, a new accumulation plan ADF Super and a new invalidity scheme ADF Cover will commence on 1 July 2016. Administration fees for the new ADF Super scheme will be deducted from member accounts in a similar way to the new PSSap arrangements that were introduced on 1 July 2015.

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 (i.e. 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: Commonwealth Superannuation Corporation Resource Statement — Budget Estimates for 2016-17 as at Budget May 2016

| | 2015-16 estimated actual \$'000 | 2016-17 estimate \$'000 |
|---|--|-------------------------------|
| Funds from Government | | |
| Special accounts | | |
| Opening balance Administered | 6,501 | 6,928 |
| Opening balance Departmental | - | 26,701 |
| Receipts Administered | 1,871,921 | 1,871,921 |
| Receipts Departmental | 99,224 | 70,870 |
| Total special accounts | 1,977,646 | 1,976,420 |
| Total funds from Government | 1,977,646 | 1,976,420 |
| Funds from other sources | | |
| Interest | 67 | 80 |
| Total funds from other sources | 67 | 80 |
| Total net resourcing for CSC | 1,977,713 | 1,976,500 |
| <hr/> | | |
| Average staffing level (number) ^(a) | 455 | 476 |

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

(a) Average staffing level reflects all staff involved in the administration and management 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 management of the scheme funds.

Please 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 2016-17 as at Budget May 2016 (continued)
Third Party Payments from and on Behalf of Other Entities

| | 2015-16 estimated actual \$'000 | 2016-17 estimate \$'000 |
|--|--|-------------------------------|
| Payments made on behalf of another entity (as disclosed in the respective entity's resource statement) | | |
| Finance Superannuation Special Appropriations: | | |
| <i>Superannuation Act 1922</i> | 90,277 | 83,429 |
| <i>Superannuation Act 1976</i> | 4,372,098 | 4,357,276 |
| <i>Superannuation Act 1990</i> | 1,634,586 | 1,796,559 |
| <i>Same-Sex Relationships Act (Equal Treatment in Commonwealth Laws - Superannuation) 2008</i> | 54 | 55 |
| <i>Governance of Australian Government Superannuation Schemes Act 2011</i> | 1,000 | 1,000 |
| Defence Superannuation Special Appropriations: | | |
| <i>Defence Forces Retirement Benefits Act 1948</i> | 50,049 | 44,818 |
| <i>Defence Force Retirement and Death Benefits Act 1973</i> | 1,513,367 | 1,578,185 |
| <i>Military Superannuation and Benefits Act 1991</i> | 512,722 | 590,604 |
| ADF Cover | - | 771 |
| CSC draws on the following Finance Annual Appropriations | | |
| Appropriation Act (No.1) ^(a) | 500 | 500 |
| Appropriation Act (No.1) ^(b) | 2,393 | 5,012 |
| Appropriation Act (No.2) ^(b) | 684 | 597 |
| PNG Scheme | | |
| Administered Appropriation Act | 6,929 | 6,823 |

(a) Compensation and Legal Payments

(b) Act of Grace Payments

1.3 BUDGET MEASURES

No budget measures have been announced since 2015-16 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:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plan and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

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

| |
|--|
| Department of Finance |
| Programs |
| <ul style="list-style-type: none"> • Program 2.6 – Public Sector Superannuation |
| Department of Defence |
| Programs |
| <ul style="list-style-type: none"> • Program 1.14 – Defence Force Superannuation Benefits • Program 1.15 – Defence Force Superannuation Nominal Interest |
| <p>Contribution to Outcome 1 made by linked programs</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. | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|---------------------------------------|-----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Program 1.1: Superannuation Scheme Governance | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| CSC Special Account | 96,403 | 104,676 | 97,072 | 96,926 | 96,762 |
| Funded by revenues from other independent sources | 67 | 80 | 80 | 80 | 80 |
| Departmental Total | 96,470 | 104,756 | 97,152 | 97,006 | 96,842 |
| Total expenses for Program 1.1^(a) | 96,470 | 104,756 | 97,152 | 97,006 | 96,842 |
| Outcome 1 Totals by appropriation type | | | | | |
| Departmental expenses | | | | | |
| Special accounts | 96,403 | 104,676 | 97,072 | 96,926 | 96,762 |
| Funded by revenues from other independent sources | 67 | 80 | 80 | 80 | 80 |
| Departmental Total | 96,470 | 104,756 | 97,152 | 97,006 | 96,842 |
| Total expenses for Outcome 1 | 96,470 | 104,756 | 97,152 | 97,006 | 96,842 |
| Average staffing level (number)^(b) | | | | | |
| | 2015-16 455 | 2016-17 476 | | | |

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

(b) Average staffing level reflects all staff involved in the administration and management 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 management 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.

| | | |
|---|--|--|
| 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. | | |
| Program 1.1 – Superannuation Scheme Governance | | |
| Delivery | <ul style="list-style-type: none">• Risk managed investment of member's superannuation balances.• Meeting licence obligations set out by APRA and ASIC.• Development and implementation of industry standard administration services.• Provision of information for scheme members including responding to member enquiries and publications, websites and seminars. | |
| Purposes | To grow the wealth of Australian Government employees and members of the Australian Defence Force for their retirement as trustee of the Australian Government public sector and military superannuation schemes. | |
| Performance information: Program 1.1 – Superannuation Scheme Governance | | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none">• Long term nominal investment performance target of a real return of 3.5% over a prospective rolling 3 year horizon, achieved within Board approved risk parameters.• Compliance with the relevant law.• Meet obligations as Registrable Superannuation Entity (RSE) licensee and Australian Financial Services (AFS) Licence holder.• Administration quality as reflected in the satisfaction level of members, beneficiaries and employers with the service provided through its scheme administrators.• Achievement of service standards.• Periodic member client satisfaction survey (Quality Service Index).• Timeliness of member statements.• Timeliness of new benefits processed. | <ul style="list-style-type: none">• Over the rolling three year period to June 2016, CSC's default accumulation option is estimated to meet its annual real return target of 3.5% within Board approved risk parameters.• All compliance issues were reported and actively managed in accordance with CSC policy.• All RSE and AFS obligations were met.• See detailed targets below.• 80% of standards achieved.• Weighted score 85.1%.• 100% issued by the statutory deadline.• 85% of routine benefit payments made within 5 working days. |

Table continues on next page

Table 2.1.2: Performance criteria for Outcome 1 (Continued)

| Performance information: Program 1.1 – Superannuation Scheme Governance | | |
|--|---|---|
| Year | Performance Criteria | Targets |
| 2015-16 (continued) | <ul style="list-style-type: none"> • Timeliness of fortnightly pension payroll. • Compliance issues appropriately reported and actively managed (Issues reported and managed). | <ul style="list-style-type: none"> • 99.7% of pension payments in bank accounts on time. • 100% of issues reported and managed. |
| 2016-17 | <ul style="list-style-type: none"> • CSC's investment performance for its default accumulation option over a rolling three year period. • 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. • Achievement of operational objectives for benefit payments, pension and contributions processing and the despatch of members' statements. • Adequate satisfaction level of members, beneficiaries and employers with the service provided. | <ul style="list-style-type: none"> • Default accumulation option annual real return of 3.5% over a rolling three year period. • Negative returns in no more than 4 out of every 20 years for the default accumulation option. • 90% of each operational objective achieved. • Net Promoter Score (industry standard satisfaction measure) survey result of +15. |
| 2017-18 and beyond | <ul style="list-style-type: none"> • As per 2016-17. | <ul style="list-style-type: none"> • As per 2016-17. |

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 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 and MSBS regulated superannuation schemes and the new regulated accumulation plan for ADF Super (from 1 July 2016) 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 administration and management of the schemes.

CSC is projecting a surplus of \$3 million in 2016-17. This surplus is due to savings measures announced in the 2009-10 Additional Estimates related to Superannuation Administration Reform Programme (SARP) savings. It is intended that a \$3 million surplus will be returned to government in 2016-17 and in subsequent forward years.

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (Showing Net Cost of Services) for the Period Ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES ^(a) | | | | | |
| Employee benefits | 55,821 | 58,118 | 58,591 | 59,270 | 60,160 |
| Suppliers | 33,988 | 40,864 | 33,127 | 32,302 | 31,248 |
| Depreciation and amortisation | 6,661 | 5,774 | 5,434 | 5,434 | 5,434 |
| Total expenses | 96,470 | 104,756 | 97,152 | 97,006 | 96,842 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 99,403 | 107,676 | 100,072 | 99,926 | 99,762 |
| Interest | 67 | 80 | 80 | 80 | 80 |
| Total own-source revenue | 99,470 | 107,756 | 100,152 | 100,006 | 99,842 |
| Total own-source income | 99,470 | 107,756 | 100,152 | 100,006 | 99,842 |
| Net (cost of)/contribution by services | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Surplus/(deficit) attributable to the Australian Government ^(b) | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total comprehensive income/(loss) attributable to the Australian Government | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |

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 administration and management of the schemes.

(b) The budgeted surplus is required to meet the agreed return of capital to Government.

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 8,845 | 8,845 | 8,845 | 8,845 | 8,845 |
| Trade and other receivables | 30,299 | 24,732 | 24,474 | 24,150 | 24,150 |
| Total financial assets | 39,144 | 33,577 | 33,319 | 32,995 | 32,995 |
| Non-financial assets | | | | | |
| Leasehold Improvements | 5,678 | 5,678 | 5,678 | 5,678 | 5,678 |
| Property, plant and equipment | 2,538 | 2,538 | 2,538 | 2,538 | 2,538 |
| Intangibles | 21,446 | 21,446 | 21,446 | 21,446 | 21,446 |
| Other non-financial assets | 1,870 | 1,872 | 1,875 | 1,878 | 1,878 |
| Total non-financial assets | 31,532 | 31,534 | 31,537 | 31,540 | 31,540 |
| Total assets | 70,676 | 65,111 | 64,856 | 64,535 | 64,535 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 17,672 | 12,107 | 11,852 | 11,531 | 11,531 |
| Total payables | 17,672 | 12,107 | 11,852 | 11,531 | 11,531 |
| Provisions | | | | | |
| Employee provisions | 13,552 | 13,552 | 13,552 | 13,552 | 13,552 |
| Other provisions | 1,272 | 1,272 | 1,272 | 1,272 | 1,272 |
| Total provisions | 14,824 | 14,824 | 14,824 | 14,824 | 14,824 |
| Total liabilities | 32,496 | 26,931 | 26,676 | 26,355 | 26,355 |
| Net assets | 38,180 | 38,180 | 38,180 | 38,180 | 38,180 |
| EQUITY ^(a) | | | | | |
| Contributed equity | 34,074 | 34,074 | 34,074 | 34,074 | 34,074 |
| Retained surplus (accumulated deficit) | 4,106 | 4,106 | 4,106 | 4,106 | 4,106 |
| Total equity | 38,180 | 38,180 | 38,180 | 38,180 | 38,180 |

Prepared on Australian Accounting Standards basis.

(a) 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 2016-17)

| | Retained earnings \$'000 | Contributed equity/capital \$'000 | Total equity \$'000 |
|--|--------------------------------|---|---------------------------|
| Opening balance as at 1 July 2016 | | | |
| Balance carried forward from previous period | 4,106 | 34,074 | 38,180 |
| Adjusted opening balance | 4,106 | 34,074 | 38,180 |
| Comprehensive income | | | |
| Surplus/(deficit) for the period | 3,000 | - | 3,000 |
| Total comprehensive income | 3,000 | - | 3,000 |
| Transactions with owners | | | |
| Dividends | (3,000) | - | (3,000) |
| Sub-total transactions with owners | (3,000) | - | (3,000) |
| Estimated closing balance as at 30 June 2017 | 4,106 | 34,074 | 38,180 |
| Closing balance attributable to the Australian Government | 4,106 | 34,074 | 38,180 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the Period Ended 30 June)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---------------------|----------------|---------------------|---------------------|---------------------|
| | Estimated actual | Budget | Forward estimate | Forward estimate | Forward estimate |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Transfers from OPA | 72,523 | 76,437 | 70,818 | 71,090 | 73,864 |
| Sale of goods and rendering of services | 104,534 | 101,366 | 100,072 | 99,926 | 99,762 |
| Interest | 67 | 80 | 80 | 80 | 80 |
| Other | 23,075 | - | - | - | - |
| Total cash received | 200,199 | 177,883 | 170,970 | 171,096 | 173,706 |
| Cash used | | | | | |
| Employees | 55,821 | 58,118 | 58,591 | 59,270 | 60,160 |
| Suppliers | 33,119 | 40,121 | 33,385 | 32,626 | 31,248 |
| Transferred to OPA | 99,224 | 70,870 | 70,560 | 70,766 | 73,864 |
| Total cash used | 188,164 | 169,109 | 162,536 | 162,662 | 165,272 |
| Net cash from/(used by) operating activities | 12,035 | 8,774 | 8,434 | 8,434 | 8,434 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |
| Total cash used | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |
| Net cash from/(used by) investing activities | (9,035) | (5,774) | (5,434) | (5,434) | (5,434) |
| FINANCING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Other | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total cash used | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Net cash from/(used by) financing activities | (3,000) | (3,000) | (3,000) | (3,000) | (3,000) |
| Net increase/(decrease) in cash held | - | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 8,845 | 8,845 | 8,845 | 8,845 | 8,845 |
| Cash and cash equivalents at the end of the reporting period | 8,845 | 8,845 | 8,845 | 8,845 | 8,845 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental Capital Budget Statement (for the Period Ended 30 June)

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|-------------------------------|------------------|-------------------------------|-------------------------------|-------------------------------|
| | Estimated actual \$'000 | Budget \$'000 | Forward estimate \$'000 | Forward estimate \$'000 | Forward estimate \$'000 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |
| TOTAL | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |
| Total cash used to acquire assets | 9,035 | 5,774 | 5,434 | 5,434 | 5,434 |

Table 3.6: Statement of Asset Movements (Budget Year 2016-17)

| | Leasehold Improvements \$'000 | Other property, plant and equipment \$'000 | Computer Software and Intangibles \$'000 | Total \$'000 |
|---|-------------------------------------|--|---|-----------------|
| As at 1 July 2016 | | | | |
| Gross book value | 6,602 | 4,014 | 25,707 | 36,323 |
| Accumulated depreciation/ amortisation and impairment | (924) | (1,476) | (4,261) | (6,661) |
| Opening net book balance | 5,678 | 2,538 | 21,446 | 29,662 |
| Capital asset additions | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - other | 1,027 | 1,401 | 3,346 | 5,774 |
| Total additions | 1,027 | 1,401 | 3,346 | 5,774 |
| Other movements | | | | |
| Depreciation/amortisation expense | (1,027) | (1,401) | (3,346) | (5,774) |
| Total other movements | (1,027) | (1,401) | (3,346) | (5,774) |
| As at 30 June 2017 | | | | |
| Gross book value | 7,629 | 5,415 | 29,053 | 42,097 |
| Accumulated depreciation/ amortisation and impairment | (1,951) | (2,877) | (7,607) | (12,435) |
| Closing net book balance | 5,678 | 2,538 | 21,446 | 29,662 |

Prepared on Australian Accounting Standards basis.

Future Fund Management Agency

Entity Resources and Planned Performance

FUTURE FUND MANAGEMENT AGENCY

| | |
|---|------------|
| Section 1: Entity Overview and Resources | 117 |
| 1.1 Strategic Direction Statement | 117 |
| 1.2 Entity Resource Statement | 119 |
| 1.3 Budget Measures..... | 120 |
| Section 2: Outcomes and Planned Performance..... | 121 |
| 2.1 Budgeted Expenses and Performance for Outcome 1 | 122 |
| Section 3: Budgeted Financial Statements | 127 |
| 3.1 Budgeted Financial Statements..... | 127 |

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 the investments of the Future Fund, Building Australia Fund (BAF), Education Investment Fund (EIF), DisabilityCare Australia Fund (DCAF) and Medical Research Future Fund (MRFF).

Subject to the passage of legislation, the scope of the Board and FFMA is to be broadened by the establishment of a new Australian Government Investment Fund; the Asset Recycling Fund (ARF). The two Nation-building Funds will be abolished through a repeal of the *Nation-building Funds Act 2008*. During 2015 the assets of the Health and Hospitals Fund were transferred in part to the newly established MRFF and the remaining cash was returned to the Department of Finance to fund existing projects already committed to by the Government.

The FFMA focuses on supporting and advising the Board of Guardians in developing and implementing appropriate investment strategies for the funds.

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 2014-15 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 under the *Future Fund Investment Mandate Directions 2006* (Investment Mandate).

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 and the DCAF are detailed in the 2014-15 Future Fund Annual Report.

FFMA Budget Statements

Investment policies for all of the public asset funds for which the Board is responsible are available at www.futurefund.gov.au.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity 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 (i.e. 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 2016-17 as at Budget May 2016

| | 2015-16 Estimated actual \$'000 | 2016-17 Estimate \$'000 |
|--|--|-------------------------------|
| Special accounts | | |
| Opening balance | - | - |
| Non-appropriation receipts | 402,413 | 459,410 |
| Total special account receipts | 402,413 | 459,410 |
| Total resourcing for FFMA | 402,413 | 459,410 |
| | | |
| | 2015-16 | 2016-17 |
| Average staffing level (number) | 120 | 141 |

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

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

Please 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

No budget measures have been announced since 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO) that impact FFMA.

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:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plan and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

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.

Outcome 1 Strategy

The FFMA contributes to the achievement of the outcome through the provision of advice and support to the Future Fund Board of Guardians and through the implementation of investment decisions. This work is focused on ensuring that the assets of the Future Fund, the Nation-building Funds, the DisabilityCare Australia Fund and Medical Research Future Fund are invested in line with the relevant legislation and investment mandates in pursuit of their investment objectives.

This work includes portfolio modelling, risk management, the appointment of investment managers and the application of appropriate corporate governance.

The specific investment strategies applied to the investment of assets, together with the overarching investment beliefs and principles of the organisation, are detailed in the 2014-15 Future Fund Annual Report.

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

| Outcome 1: Make provision for the Commonwealth's unfunded superannuation liabilities, payments for the creation and development of infrastructure, and payments from the Disability Care Australia Fund and Medical Research Future Fund by managing the investment activities of the Future Fund, Nation-building Funds, Disability Care Australia Fund and Medical Research Future Fund, in line with the Government's investment mandates. | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Program 1.1: Management of the Investment of the Future Fund | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| Future Fund Special Account | 48,670 | 61,429 | 66,387 | 68,664 | 70,179 |
| Departmental Total | 48,670 | 61,429 | 66,387 | 68,664 | 70,179 |
| Total expenses for program 1.1 | 48,670 | 61,429 | 66,387 | 68,664 | 70,179 |
| Program 1.2: Management of the Investment of the Australian Government Investment Funds | | | | | |
| Departmental expenses | | | | | |
| Special accounts | | | | | |
| Future Fund Special Account | 991 | 1,231 | 984 | 846 | 1,233 |
| Departmental Total | 991 | 1,231 | 984 | 846 | 1,233 |
| Total expenses for program 1.2 | 991 | 1,231 | 984 | 846 | 1,233 |
| Outcome 1 Totals by appropriation type | | | | | |
| Departmental expenses | | | | | |
| Special accounts | 49,661 | 62,660 | 67,371 | 69,510 | 71,412 |
| Departmental Total | 49,661 | 62,660 | 67,371 | 69,510 | 71,412 |
| Total expenses for Outcome 1 | 49,661 | 62,660 | 67,371 | 69,510 | 71,412 |
| | | | | | |
| | 2015-16 | 2016-17 | | | |
| Average staffing level (number) | 120 | 141 | | | |

Please Note: Program 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.

| | | |
|---|---|--|
| 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. | | |
| Program 1.1 – Management of the Investment of the Future Fund | | |
| 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. | | |
| Delivery | <ul style="list-style-type: none">• 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.• Ensure all investments are made in accordance with relevant legislation, Investment Mandate and ministerial directions.• Provide administrative services to the Board.• Provide information and recommendations to the Board.• Advise the Board about the performance of the Board’s functions.• Make resources and facilities available to the Board. | |
| Purposes | The Agency supports the Board in maximising the returns on funds for which the Board is responsible in line with the Investment Mandate Directors for each fund. | |
| Performance information: Program 1.1 – Management of the Investment of the Future Fund | | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none">• Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return of at least 4.5 to 5.5% above the Consumer Price Index (CPI) over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk. | <ul style="list-style-type: none">• As at 31 March 2016 the actual return was 7.4% compared to the target return of 7% since May 2006. |
| 2016-17 | <ul style="list-style-type: none">• Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return of at least 4.5 to 5.5% above the Consumer Price Index (CPI) over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk. | <ul style="list-style-type: none">• To achieve a return above the long-term target return with acceptable but not excessive risk. |
| 2017-18 and beyond | <ul style="list-style-type: none">• Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target return of at least 4.5 to 5.5% above the Consumer Price Index (CPI) over the long term (interpreted as rolling 10 year periods) with acceptable but not excessive risk. | <ul style="list-style-type: none">• To achieve a return above the long-term target return with acceptable but not excessive risk. |

Table continues on next page

Table 2.1.2: Performance Criteria for Outcome 1 (Continued)

| | | |
|--|--|--|
| Program 1.2 – Management of the Investment of the Australian Government Investment Funds. The <i>Nation-building Funds Act 2008</i> established the Education Investment Fund (EIF), the Health and Hospitals Fund (HHF) and the Building Australia Fund (BAF) 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 (MRFF) 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. | | |
| Delivery | <ul style="list-style-type: none">• 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.• Ensure all investments are made in accordance with relevant legislation, Investment Mandate and ministerial directions.• Provide administrative services to the Board.• Provide information and recommendations to the Board.• Advise the Board about the performance of the Board's functions.• Make resources and facilities available to the Board. | |
| Purposes | The Agency supports the Board in maximising the returns on funds for which the Board is responsible in line with the Investment Mandate Directors for each fund. | |
| Performance information: Program 1.2 – Management of the Investment of the Australian Government Investment Funds | | |
| Year | Performance Criteria | Targets |
| 2015-16 | <ul style="list-style-type: none">• Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows:<ul style="list-style-type: none">– for each of the Nation-building Funds and the DCAF 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.– for the MRFF 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. | <ul style="list-style-type: none">• As at 31 March 2016 actual returns:<ul style="list-style-type: none">– BAF 2.5%.– EIF 2.4%.– DCAF 2.4%.– Target benchmark return 2.5%.• As at 31 March 2016 the actual return was -0.5%. The target return applies from 1 December 2015. |
| 2016-17 | <ul style="list-style-type: none">• Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows:<ul style="list-style-type: none">– for each of the Nation-building Funds and the DCAF 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.– for the MRFF 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. | <ul style="list-style-type: none">• To achieve a return above the target return and with regard to the risk parameters of the mandate. |

Table continues on next page

Table 2.1.2: Performance Criteria for Outcome 1 (Continued)

| Performance information: Program 1.2 – Management of the Investment of the Australian Government Investment Funds | | |
|--|---|--|
| Year | Performance Criteria | Targets |
| 2017-18 and beyond | <ul style="list-style-type: none"> • Provide assistance and advice to the Board in pursuit of achieving the Investment Mandate target returns as follows: <ul style="list-style-type: none"> – for each of the Nation-building Funds and the DCAF 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. – for the MRFF 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. | <ul style="list-style-type: none"> • To achieve a return above the target return and with regard to the risk parameters of the mandate. |

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 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 2016-17 estimate year in line with maintaining and developing the FFMA's ability to support the Board in managing the Future Fund and other Australian Government Asset Funds.

Administered expenditure will increase over the 2016-17 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.

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (Showing Net Cost of Services) for the Period Ended 30 June

| | 2015-16 Estimated actual \$'000 | 2016- 17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|---------------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 35,237 | 40,926 | 44,637 | 46,408 | 48,275 |
| Suppliers | 13,307 | 19,688 | 20,438 | 20,795 | 21,099 |
| Depreciation and amortisation | 1,273 | 2,202 | 2,452 | 2,463 | 2,194 |
| Total expenses | 49,817 | 62,816 | 67,527 | 69,666 | 71,568 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Other | 49,661 | 62,660 | 67,371 | 69,510 | 71,412 |
| Total own-source revenue | 49,661 | 62,660 | 67,371 | 69,510 | 71,412 |
| Gains | | | | | |
| Other | 156 | 156 | 156 | 156 | 156 |
| Total gains | 156 | 156 | 156 | 156 | 156 |
| Total own-source income | 49,817 | 62,816 | 67,527 | 69,666 | 71,568 |
| Net (cost of)/contribution by services | - | - | - | - | - |
| Surplus (deficit) attributable to the Australian Government | - | - | - | - | - |
| Total comprehensive income (loss) attributable to the Australian Government | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 758 | 758 | 758 | 758 | 758 |
| Trade and other receivables | 18,740 | 23,165 | 27,221 | 30,843 | 33,978 |
| Total financial assets | 19,498 | 23,923 | 27,979 | 31,601 | 34,736 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 2,495 | 2,555 | 1,970 | 1,442 | 909 |
| Intangibles | 2,810 | 3,900 | 2,783 | 1,598 | 687 |
| Total non-financial assets | 5,305 | 6,455 | 4,753 | 3,040 | 1,596 |
| Assets held for sale | | | | | |
| Total assets | 24,803 | 30,378 | 32,732 | 34,641 | 36,332 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Other payables | 5,536 | 6,812 | 7,308 | 7,535 | 7,687 |
| Total payables | 5,536 | 6,812 | 7,308 | 7,535 | 7,687 |
| Provisions | | | | | |
| Employee provisions | 18,339 | 21,206 | 23,351 | 25,320 | 27,146 |
| Other provisions | 928 | 2,360 | 2,073 | 1,786 | 1,499 |
| Total provisions | 19,267 | 23,566 | 25,424 | 27,106 | 28,645 |
| Liabilities included in disposal groups held for sale | | | | | |
| Total liabilities | 24,803 | 30,378 | 32,732 | 34,641 | 36,332 |
| Net assets | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental Statement of Changes in Equity — Summary of Movement (Budget Year 2016-17)

Table 3.3 is not included because FFMA does not have any changes in equity.

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the Period Ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other | 55,019 | 66,148 | 70,077 | 72,853 | 75,379 |
| Total cash received | 55,019 | 66,148 | 70,077 | 72,853 | 75,379 |
| Cash used | | | | | |
| Employees | 34,894 | 37,992 | 42,423 | 44,368 | 46,373 |
| Suppliers | 13,185 | 19,838 | 20,638 | 20,998 | 21,305 |
| Net GST paid | 4,510 | 4,966 | 6,266 | 6,737 | 6,951 |
| Total cash used | 52,589 | 62,796 | 69,327 | 72,103 | 74,629 |
| Net cash from/(used by) operating activities | 2,430 | 3,352 | 750 | 750 | 750 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 2,430 | 3,352 | 750 | 750 | 750 |
| Total cash used | 2,430 | 3,352 | 750 | 750 | 750 |
| Net cash from/(used by) investing activities | (2,430) | (3,352) | (750) | (750) | (750) |
| Net increase/(decrease) in cash held | - | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 758 | 758 | 758 | 758 | 758 |
| Cash and cash equivalents at the end of the reporting period | 758 | 758 | 758 | 758 | 758 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental Capital Budget Statement (for the Period Ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources | 2,430 | 3,352 | 750 | 750 | 750 |
| TOTAL | 2,430 | 3,352 | 750 | 750 | 750 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 2,430 | 3,352 | 750 | 750 | 750 |
| Total cash used to acquire assets | 2,430 | 3,352 | 750 | 750 | 750 |

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of Asset Movements (Budget Year 2016-17)

| | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|--|--|--|-----------------|
| As at 1 July 2016 | | | |
| Gross book value | 9,122 | 5,706 | 14,828 |
| Accumulated depreciation/ amortisation and impairment | (6,627) | (2,896) | (9,523) |
| Opening net book balance | 2,495 | 2,810 | 5,305 |
| Capital asset additions | | | |
| Estimated expenditure on new or replacement assets | | | |
| By purchase - other | 1,001 | 2,351 | 3,352 |
| Total additions | 1,001 | 2,351 | 3,352 |
| Other movements | | | |
| Depreciation/amortisation expense | (941) | (1,261) | (2,202) |
| Total other movements | (941) | (1,261) | (2,202) |
| As at 30 June 2017 | | | |
| Gross book value | 10,123 | 8,057 | 18,180 |
| Accumulated depreciation/ amortisation and impairment | (7,568) | (4,157) | (11,725) |
| Closing net book balance | 2,555 | 3,900 | 6,455 |

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)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 875 | 901 | 928 | 956 | 984 |
| Suppliers | 417,696 | 456,344 | 488,803 | 521,329 | 555,946 |
| Total expenses administered on behalf of Government | 418,571 | 457,245 | 489,731 | 522,285 | 556,930 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Non-taxation revenue | | | | | |
| Interest | 398,966 | 933,258 | 999,520 | 1,071,485 | 1,150,775 |
| Dividends | 2,698,542 | 2,974,376 | 3,185,557 | 3,414,917 | 3,667,621 |
| Total non-taxation revenue | 3,097,508 | 3,907,634 | 4,185,077 | 4,486,402 | 4,818,396 |
| Total own-source revenue administered on behalf of Government | 3,097,508 | 3,907,634 | 4,185,077 | 4,486,402 | 4,818,396 |
| Gains | | | | | |
| Other gains | 408,807 | 4,684,118 | 5,375,589 | 5,887,683 | 6,593,029 |
| Total gains administered on behalf of Government | 408,807 | 4,684,118 | 5,375,589 | 5,887,683 | 6,593,029 |
| Total own-sourced income administered on behalf of Government | 3,506,315 | 8,591,752 | 9,560,666 | 10,374,085 | 11,411,425 |
| Net cost of/ (contribution by) services | (3,087,744) | (8,134,507) | (9,070,935) | (9,851,800) | (10,854,495) |
| Total comprehensive income/ (loss) | 3,087,744 | 8,134,507 | 9,070,935 | 9,851,800 | 10,854,495 |

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 2,699 | 2,780 | 2,863 | 2,949 | 3,038 |
| Trade and other receivables | 1,937,645 | 2,041,502 | 2,055,354 | 2,070,194 | 2,086,091 |
| Other investments | 119,625,126 | 127,759,634 | 136,830,568 | 146,682,370 | 157,536,865 |
| Total financial assets | 121,565,470 | 129,803,916 | 138,888,785 | 148,755,513 | 159,625,994 |
| Total assets administered on behalf of Government | 121,565,470 | 129,803,916 | 138,888,785 | 148,755,513 | 159,625,994 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 147,073 | 146,586 | 156,463 | 167,768 | 180,618 |
| Other payables | 1,184,892 | 1,289,317 | 1,293,373 | 1,296,995 | 1,300,130 |
| Total payables | 1,331,965 | 1,435,903 | 1,449,836 | 1,464,763 | 1,480,748 |
| Provisions | | | | | |
| Employee provisions | 34 | 35 | 36 | 37 | 38 |
| Total provisions | 34 | 35 | 36 | 37 | 38 |
| Total liabilities administered on behalf of Government | 1,331,999 | 1,435,938 | 1,449,872 | 1,464,800 | 1,480,786 |
| Net assets/(liabilities) | 120,233,471 | 128,367,978 | 137,438,913 | 147,290,713 | 158,145,208 |

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of Budgeted Administered Cash Flows (for the Period Ended 30 June)

| | 2015-16 Estimated actual \$'000 | 2016-17 Budget \$'000 | 2017-18 Forward estimate \$'000 | 2018-19 Forward estimate \$'000 | 2019-20 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Interest | 376,440 | 933,258 | 999,520 | 1,071,485 | 1,150,775 |
| Dividends | 2,899,316 | 2,869,242 | 3,172,076 | 3,400,476 | 3,652,150 |
| Net GST received | 5,697 | 4,867 | 5,214 | 5,585 | 5,983 |
| Total cash received | 3,281,453 | 3,807,367 | 4,176,810 | 4,477,546 | 4,808,908 |
| Cash used | | | | | |
| Suppliers | 347,495 | 393,593 | 412,531 | 441,356 | 472,910 |
| Employees | 889 | 900 | 927 | 955 | 983 |
| Other | 54,029 | 64,917 | 69,093 | 72,007 | 74,146 |
| Total cash used | 402,413 | 459,410 | 482,551 | 514,318 | 548,039 |
| Net cash from/(used by) operating activities | 2,879,040 | 3,347,957 | 3,694,259 | 3,963,228 | 4,260,869 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of investments | 123,332,983 | 127,032,971 | 130,843,960 | 134,769,279 | 138,812,357 |
| Total cash received | 123,332,983 | 127,032,971 | 130,843,960 | 134,769,279 | 138,812,357 |
| Cash used | | | | | |
| Investments | 126,210,867 | 130,380,847 | 134,538,136 | 138,732,421 | 143,073,137 |
| Total cash used | 126,210,867 | 130,380,847 | 134,538,136 | 138,732,421 | 143,073,137 |
| Net cash from/(used by) investing activities | (2,877,884) | (3,347,876) | (3,694,176) | (3,963,142) | (4,260,780) |
| Net increase/(decrease) in cash held | 1,156 | 81 | 83 | 86 | 89 |
| Cash and cash equivalents at beginning of reporting period | 1,543 | 2,699 | 2,780 | 2,863 | 2,949 |
| Cash and cash equivalents at end of reporting period | 2,699 | 2,780 | 2,863 | 2,949 | 3,038 |

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 Australian Government.

Table 3.11: Statement of Administered Asset Movements (Budget Year 2016-17)

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

PORTFOLIO GLOSSARY

| Term | Meaning |
|------------------------------------|--|
| 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. |