

## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

An analysis of the Department's budgeted financial statements is provided below.

#### **Departmental**

##### **Budgeted Statement of Financial Performance**

The Department is budgeting for a balanced operating result for 2003-04 and forward years.

Total revenue (price of outputs) is estimated to be \$808.9 million for 2003-04. This is decrease of \$32.4 million from the 2002-03 estimated actual. The decrease is primarily the result of:

- net appropriation revenue increases for new expense measures totalling \$99.6 million;
- An increase of \$4.6 million in appropriation revenue to supplement the impact of increases to the prescribed employer contributions for the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation scheme (PSS); and
- offset by net reductions of \$209.5 million for unauthorised boat arrivals departmental funding. This includes the net transfer of funding from departmental to administered of \$98.9 million.

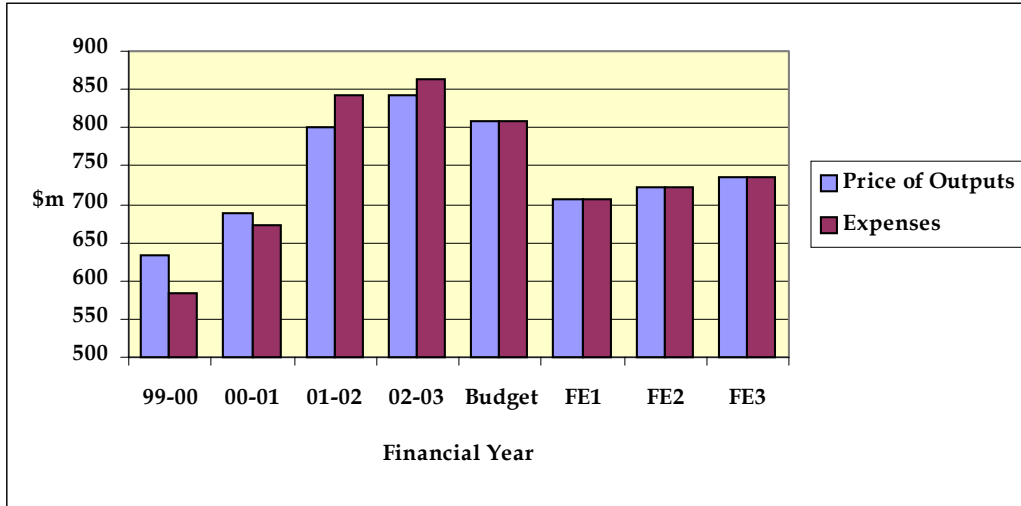
Total expenses are estimated to be \$808.9 million for 2003-04, a decrease of \$39.6 million from the 2002-03 estimated actual. The decrease is largely due to the impacts of measures, transfers and savings in appropriation identified above.

Revenues and expenditure for the forward estimate years reflect the impact of ongoing measures, and existing resource levels. Funding is estimated to match expenditure for the forward years pending a thorough review of DIMIA processes to be undertaken during 2003-04 for future funding arrangements for 2004-05 and forward years.

The price of outputs and expenses reported for the forward estimates years do not include the financial impact of the measures *Department of Immigration and Multicultural and Indigenous Affairs - review of funding arrangements* and the *International Education* package. The impact of these measures in 2003-04 is \$105 million. A similar provision for these measures in the forward years has been included in the Contingency Reserve pending a review of DIMIA's business processes and costs to be undertaken during 2003-04.

The following graph depicts aggregate trends in the price of outputs and expenses for departmental.

**Chart 4A: Trends in departmental revenues and expenses**



**Budgeted Statement of Financial Position**

The budgeted net asset position of \$160.98 million represents an increase of \$14.1 million from the 2002-03 estimated actual. The increase is attributable to increased expenditure in the Department’s capital works program funded through capital measures. The decrease of \$0.1 million in retained surpluses reflects the transfer of unspent departmental appropriations from previous years to fund administered Safe Haven allowances.

Cash at Bank balances are depicted at elevated levels for the three forward estimate years. This is due to current long-term capital investment and replacement strategies funded from asset replacement reserves not being finalised at the time of publication. This position is reflected in the declining balance of the Department’s non-financial asset position for 2003-04 and 2004-05. The 2005-06 increase is due to the proposed transfer of the finished Christmas Island permanent IRPC from the Department of Finance and Administration.

The Department’s primary liabilities continue to be accrued employee entitlements of \$89.8 million. Liability levels are estimated to reduce over the forward estimates due to the amortisation of lease liabilities.

## Administered

### **Schedule of Budgeted Revenues and Expenses Administered on behalf of Government**

The Department will administer the collection of revenue on behalf of the Government of \$465.6 million. This consists of Immigration fees, fines and other non-taxation revenue that are remitted to the Official Public Account on receipt. The 2003-04 estimate represents an increase of \$119 million from the 2002-03 estimated actual.

The increase in estimated revenue collection from 2002-03 to 2003-04 is largely due to:

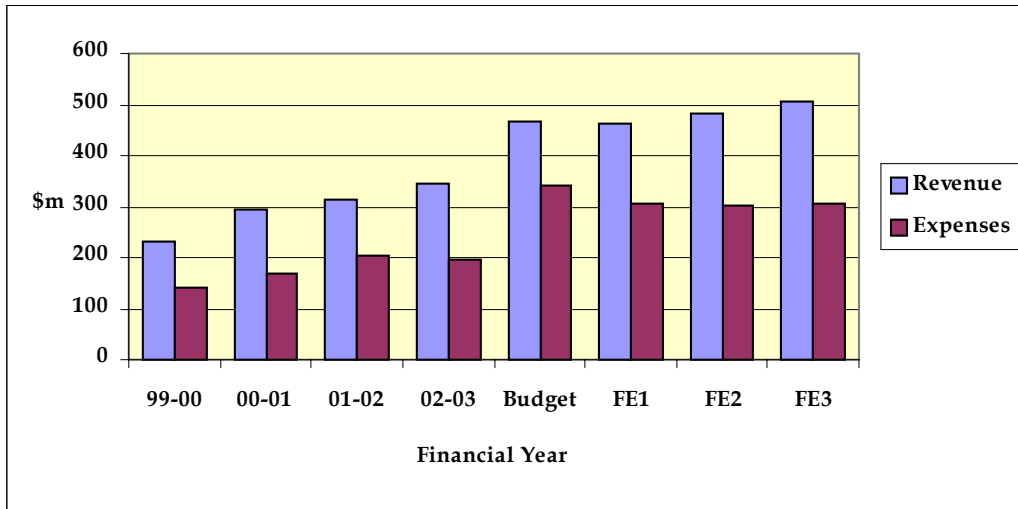
- \$80 million estimated increase resulting from the MYEFO 2002-03 measure *Increase in the Parent Migration Intake*;
- \$20.4 million resulting from the *International Education* package revenue measure; and
- \$20.5 million estimated increase for recoveries of detention and removal costs in 2003-04. This increase is offset by a corresponding increase in expenses as noted below.

The Department will receive appropriation of \$285.5 million for 2003-04 for expenses of \$342.7 million administered on behalf of the Government. This represents an increase of \$148.2 million from 2002-03 estimated actual expenditure. The increase is largely due to:

- Increased funding from Government expense measures \$5.0 million;
- Transfer of AMEP Childcare funding from the Department of Family and Community Services of \$4.5 million;
- Transfer of \$98.9 million from departmental to administered for large contract payments associated with offshore management of asylum seekers;
- Rephasing of 2002-03 appropriations to 2003-04 of \$5.8 million;
- Minor variations including parameter adjustments and estimates variations totalling \$0.9 million; and
- \$20.5 million increase in estimated bad debts as a result of the increase anticipated in the recovery of detention and removal costs. No appropriation is required for this non-cash item.

The following chart illustrates current trends in expenses and revenues administered on behalf of the Government.

**Chart 4B: Trends in administered expenses and revenues**



**Schedule of Budgeted Assets and Liabilities administered on behalf of Government**

Balances of Administered Assets and Liabilities are based on historical data, and forward year balances are not subject to material variations.

**BUDGETED FINANCIAL STATEMENTS**

Departmental financial statements

**Budgeted Departmental Statement of Financial Performance**

This statement shows the operating financial results for the Department by identifying full accrual expenses, revenues and the capital use charge, highlighting the operational sustainability of the Department.

**Budgeted Departmental Statement of Financial Position**

This statement shows the financial position of the Department. It enables decision-makers to track the management of the Department’s assets and liabilities.

**Budgeted Departmental Statement of Cash Flows**

Budgeted cash flows provide important information on the extent and nature of cash flows by categorising them into budgeted cash flows from operating activities, investing activities and financing activities.

*Part C: DIMIA Budget Statements*

**Departmental Capital Budget Statement**

This statement shows all approved departmental capital expenditure on non-financial assets, whether funded through capital appropriations via equity injections, or from internal cash sources.

**Departmental Non-financial Assets – Summary of Movement**

Shows anticipated movements in departmental non-financial assets during the budget year.

Schedule of administered activity

**Schedule of Budgeted Revenues and Expenses Administered on behalf of Government**

This note identifies revenues and expenses administered on behalf of the Government.

**Schedule of Budgeted Assets and Liabilities Administered on behalf of Government**

This note shows assets and liabilities administered on behalf of the Government.

**Schedule of Budgeted Administered Cash Flows**

This note shows cash flows administered on behalf of the Government.

**Schedule of Administered Capital Budget**

This note shows details of planned administered capital expenditure.

**Schedule of Administered Non-financial Assets — Summary of Movement**

This note discloses details of movements in administered non-financial assets.

**Table 3.1: Budgeted Departmental Statement of Financial Performance**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from government <sup>(K1)</sup>	810,260	781,448	679,409	695,740	708,351
Goods and services	24,452	25,329	24,393	24,468	24,543
Interest	1,137	-	-	-	-
Other	5,434	2,126	2,016	1,816	1,816
<b>Revenues from ordinary activities</b>	<b>841,283</b>	<b>808,903</b>	<b>705,818</b>	<b>722,024</b>	<b>734,710</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	277,955	293,841	293,317	298,990	307,461
Suppliers	521,568	462,418	365,641	372,276	383,349
Depreciation and amortisation	44,011	47,805	42,010	45,908	39,050
Write-down of assets	3,896	3,740	3,740	3,740	3,740
Net foreign exchange losses	82	82	82	82	82
Other	348	349	360	360	360
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>847,860</b>	<b>808,235</b>	<b>705,150</b>	<b>721,356</b>	<b>734,042</b>
Borrowing costs expense	668	668	668	668	668
<b>Operating surplus or deficit from ordinary activities</b>	<b>(7,245)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain or loss on extraordinary items	-	-	-	-	-
<b>Net surplus or deficit</b>	<b>(7,245)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital use charge	15,417	-	-	-	-
<b>Net surplus or deficit attributable to the Commonwealth</b>	<b>(22,662)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(K1) links to table 1.1

**Table 3.2: Budgeted Departmental Statement of Financial Position**  
as at 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	47,486	61,111	78,911	104,338	138,035
Receivables	22,650	32,662	42,694	52,694	52,694
Accrued revenues	721	721	721	721	721
Other					
<b>Total financial assets</b>	<b>70,857</b>	<b>94,494</b>	<b>122,326</b>	<b>157,753</b>	<b>191,450</b>
<b>Non-financial assets</b>					
Land and buildings	104,055	101,672	87,347	173,786	161,144
Infrastructure, plant and equipment	110,054	100,128	91,089	175,613	168,006
Inventories	824	824	824	824	824
Intangibles	59,742	54,739	48,166	39,451	29,128
Other	11,406	13,372	13,372	13,372	13,372
<b>Total non-financial assets</b>	<b>286,081</b>	<b>270,735</b>	<b>240,798</b>	<b>403,046</b>	<b>372,474</b>
<b>Total assets</b>	<b>356,938</b>	<b>365,229</b>	<b>363,124</b>	<b>560,799</b>	<b>563,924</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	23,368	17,715	12,362	7,009	1,656
Lease incentive	8,383	7,783	7,182	6,588	6,588
<b>Total interest bearing liabilities</b>	<b>31,751</b>	<b>25,498</b>	<b>19,544</b>	<b>13,597</b>	<b>8,244</b>
<b>Provisions and payables</b>					
Employees	89,475	89,811	89,976	89,976	89,976
Suppliers	21,566	21,638	21,644	21,644	21,644
Other	67,302	67,302	67,302	67,302	67,302
<b>Total provisions and payables</b>	<b>178,343</b>	<b>178,751</b>	<b>178,922</b>	<b>178,922</b>	<b>178,922</b>
<b>Total liabilities</b>	<b>210,094</b>	<b>204,249</b>	<b>198,466</b>	<b>192,519</b>	<b>187,166</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	104,762	118,998	122,676	326,298	334,776
Reserves	26,584	26,584	26,584	26,584	26,584
Retained surpluses or accumulated deficits	15,498	15,398	15,398	15,398	15,398
<b>Total equity</b>	<b>146,844</b>	<b>160,980</b>	<b>164,658</b>	<b>368,280</b>	<b>376,758</b>
<b>Total assets and liabilities by maturity</b>					
<b>Current assets</b>	<b>83,087</b>	<b>108,690</b>	<b>136,522</b>	<b>171,949</b>	<b>205,646</b>
<b>Non-current assets</b>	<b>273,851</b>	<b>256,539</b>	<b>226,602</b>	<b>388,850</b>	<b>358,278</b>
<b>Current liabilities</b>	<b>88,028</b>	<b>88,099</b>	<b>88,104</b>	<b>88,104</b>	<b>88,104</b>
<b>Non-current liabilities</b>	<b>122,066</b>	<b>116,150</b>	<b>110,362</b>	<b>104,415</b>	<b>99,062</b>

**Table 3.3: Budgeted Departmental Statement of Cash Flows**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and Services	20,558	21,591	20,651	20,728	20,803
Appropriations	845,682	771,448	669,409	685,740	708,351
Interest	1,137	-	-	-	-
Other	47,272	47,271	47,683	48,094	48,851
<b>Total cash received</b>	<b>914,649</b>	<b>840,310</b>	<b>737,743</b>	<b>754,562</b>	<b>778,005</b>
<b>Cash used</b>					
Employees	277,703	293,505	293,152	298,990	307,461
Suppliers	528,409	469,522	370,546	377,180	387,659
Other	44,145	47,401	47,850	48,431	49,188
<b>Total cash used</b>	<b>850,257</b>	<b>810,428</b>	<b>711,548</b>	<b>724,601</b>	<b>744,308</b>
<b>Net cash from/ (used by) operating activities</b>	<b>64,392</b>	<b>29,882</b>	<b>26,195</b>	<b>29,961</b>	<b>33,697</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	85,987	30,493	12,073	5,821	878
<b>Total cash used</b>	<b>85,987</b>	<b>30,493</b>	<b>12,073</b>	<b>5,821</b>	<b>878</b>
<b>Net cash from/ (used by) investing activities</b>	<b>(85,987)</b>	<b>(30,493)</b>	<b>(12,073)</b>	<b>(5,821)</b>	<b>(878)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	20,480	14,236	3,678	1,287	878
<b>Total cash received</b>	<b>20,480</b>	<b>14,236</b>	<b>3,678</b>	<b>1,287</b>	<b>878</b>
<b>Cash used</b>					
Capital use charge paid	15,417	-	-	-	-
<b>Total cash used</b>	<b>15,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from/ (used by) financing activities</b>	<b>5,063</b>	<b>14,236</b>	<b>3,678</b>	<b>1,287</b>	<b>878</b>
<b>Net increase/(decrease) in cash held</b>	<b>(16,532)</b>	<b>13,625</b>	<b>17,800</b>	<b>25,427</b>	<b>33,697</b>
Cash at the beginning of the reporting period	64,018	47,486	61,111	78,911	104,338
Cash at the end of the reporting period	47,486	61,111	78,911	104,338	138,035

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**Table 3.4: Departmental Capital Budget Statement**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>NON-OPERATING APPROPRIATIONS</b>					
Total equity injections <sup>(K3)</sup>	23,103	13,236	1,678	1,287	878
<b>Represented by</b>					
Purchase of non-current assets	23,103	10,677	1,678	1,287	878
Other	-	2,559	-	-	-
<b>Total</b>	<b>23,103</b>	<b>13,236</b>	<b>1,678</b>	<b>1,287</b>	<b>878</b>
<b>PURCHASE OF NON CURRENT ASSETS</b>					
Funded by capital appropriation	23,103	10,677	1,678	1,287	878
Funded by previous year capital appropriation	1,388	1,000	2,000	-	-
Funded internally by Departmental resources	61,496	18,816	8,395	4,534	-

K3 This line links to (K3) in Table 1.1

**Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003-04)**

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	22,070	81,985	-	110,054	-	59,742	-	<b>273,851</b>
Additions	-	15,519	-	3,014	-	11,960	-	<b>30,493</b>
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/ amortisation expense	-	17,902	-	12,940	-	16,963	-	<b>47,805</b>
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	22,070	79,602	-	100,128	-	54,739	-	<b>256,539</b>
<b>Total additions</b>								
Self funded	-	10,604	-	1,282	-	6,930	-	<b>18,816</b>
Appropriations	-	4,915	-	1,732	-	5,030	-	<b>11,677</b>
<b>Total</b>	-	<b>15,519</b>	-	<b>3,014</b>	-	<b>11,960</b>	-	<b>30,493</b>

**Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimates 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>Non-taxation</b>					
Goods and services	293,995	397,403	424,713	456,474	480,441
Other sources of non-taxation revenues	52,695	68,239	37,688	25,379	26,385
<b>Total non-taxation</b>	<b>346,690</b>	<b>465,642</b>	<b>462,401</b>	<b>481,853</b>	<b>506,826</b>
<b>Total revenues administered on behalf of the Government</b>	<b>346,690</b>	<b>465,642</b>	<b>462,401</b>	<b>481,853</b>	<b>506,826</b>
<b>EXPENSES</b>					
Grants	31,408	32,037	31,706	31,421	30,689
Subsidies	1,395	12,050	1,492	1,504	1,516
Personal benefits	13,806	11,714	8,523	7,461	7,445
Suppliers	111,200	229,723	236,546	248,584	251,529
Write down and impairment of assets	36,654	57,181	26,393	13,168	13,168
<b>Total expenses administered on behalf of the Government</b>	<b>194,463</b>	<b>342,705</b>	<b>304,660</b>	<b>302,138</b>	<b>304,347</b>

**Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government**  
as at 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,345	1,458	1,610	1,612	1,612
Receivables	5,786	5,786	5,786	5,786	5,786
Investments	480,934	480,934	480,934	480,934	480,934
Accrued revenues	12,137	12,137	12,137	12,137	12,137
<b>Total financial assets</b>	<b>500,202</b>	<b>500,315</b>	<b>500,467</b>	<b>500,469</b>	<b>500,469</b>
<b>Non-financial assets</b>					
Other non-financial assets	6,765	6,765	6,765	6,765	6,765
<b>Total non-financial assets</b>	<b>6,765</b>	<b>6,765</b>	<b>6,765</b>	<b>6,765</b>	<b>6,765</b>
<b>Total assets administered on behalf of the Government</b>	<b>506,967</b>	<b>507,080</b>	<b>507,232</b>	<b>507,234</b>	<b>507,234</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	24,473	24,589	24,589	24,589	24,589
Other	12,340	12,340	12,340	12,340	12,340
<b>Total payables</b>	<b>36,813</b>	<b>36,929</b>	<b>36,929</b>	<b>36,929</b>	<b>36,929</b>
<b>Total liabilities administered on behalf of the Government</b>	<b>36,813</b>	<b>36,929</b>	<b>36,929</b>	<b>36,929</b>	<b>36,929</b>

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**Table 3.8: Schedule of Budgeted Administered Cash Flows**  
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Sale of goods and services	293,995	397,403	424,713	456,474	480,441
Cash from Official Public Account - Appropriations	157,808	285,521	278,419	288,972	291,179
Other	16,797	11,746	12,012	12,900	13,907
<b>Total cash received</b>	<b>468,600</b>	<b>694,670</b>	<b>715,144</b>	<b>758,346</b>	<b>785,527</b>
<b>Cash used</b>					
Grant payments	31,408	32,037	31,706	31,421	30,689
Subsidies paid	1,395	12,050	1,492	1,504	1,516
Personal benefits	13,806	11,714	8,523	7,461	7,445
Suppliers	111,113	229,607	236,546	248,584	251,529
Cash to Official Public Account	310,036	408,461	436,008	468,685	493,658
Other	765	690	689	689	690
<b>Total cash used</b>	<b>468,523</b>	<b>694,559</b>	<b>714,964</b>	<b>758,344</b>	<b>785,527</b>
<b>Net cash from/(used by) operating activities</b>	<b>77</b>	<b>111</b>	<b>180</b>	<b>2</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
GST Appropriations from Official Public Account	5,210	5,067	5,184	5,322	5,322
<b>Total cash received</b>	<b>5,210</b>	<b>5,067</b>	<b>5,184</b>	<b>5,322</b>	<b>5,322</b>
<b>Cash used</b>					
GST Appropriations returned to Official Public Account	5,201	5,065	5,212	5,322	5,322
<b>Total cash used</b>	<b>5,201</b>	<b>5,065</b>	<b>5,212</b>	<b>5,322</b>	<b>5,322</b>
<b>Net cash from/(used by) financing activities</b>	<b>9</b>	<b>2</b>	<b>(28)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>86</b>	<b>113</b>	<b>152</b>	<b>2</b>	<b>-</b>
Cash at the beginning of the reporting period	1,259	1,345	1,458	1,610	1,612
Cash at the end of the reporting period	1,345	1,458	1,610	1,612	1,612

**Table 3.9: Schedule of Administered Capital Budget**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital <sup>(K4)</sup>	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>PURCHASE OF NON-CURRENT ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	-	-	-	-	-

(K4) links to Table 1.1

Part C: DIMIA Budget Statements

**Table 3.10: Schedule of Administered Non-financial Assets — Summary of Movement (Budget year 2003-04)**

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
Carrying amount at start of year	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	-	-	-	-
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at end of year	-	-	-	-	-	-	-	-
<b>Total additions</b>	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### Departmental Financial Statements and Notes to Administered Items

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

### Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

## **Capital Use Charge**

The Government has decided to discontinue the Capital Use Charge from 1 July 2003.

## **Administered investments in controlled entities**

Each Commonwealth Department is required to show an Administered investment in each *Commonwealth Authorities and Company Act 1997* (CAC Act) entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

## **Asset valuation**

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.