

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET  
STATEMENTS**



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## USER GUIDE

### Purpose of the Portfolio Budget Statements

The purpose of the 2005-06 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations bills, special appropriations, standing appropriations (including 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 2005-06 (or Appropriation Bill [Parliamentary Departments] No. 1 2005-06 for the parliamentary departments). In this sense the PB Statements are officially Budget Related Papers and are declared by the Appropriation Bills to be 'relevant documents' to the interpretation of the Bills according to Section 15AB of the *Acts Interpretation Act 1901*.

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

As required under Section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates. Accordingly, these entities are not reported in the PB Statements.

## How to read the PB Statements

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

### User Guide to the Portfolio Budget Statements

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

### Portfolio Overview

A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.

### Agency Budget Statements

For each agency within the portfolio, a budget statement presented in five sections:

<b>Section 1: Agency Overview</b>	A brief overview of the agency.
<b>Section 2: Agency resources</b>	A reconciliation of agency resourcing information from the 2004-05 Mid-Year Economic and Fiscal Outlook to the 2005-06 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both administered and departmental appropriations.
<b>Section 3: Agency outcomes</b>	A brief description of the agency's outcomes. Details the contribution of the agency's outputs to the outcome, performance information for the outcome, outputs and administered items, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated to their application to the agency's outputs and to administered items.
<b>Section 4: Other reporting requirements</b>	Includes purchaser-provider and cost recovery components.
<b>Section 5: Budgeted financial statements</b>	The agency's budgeted financial statements in accrual format, covering the budget year, the previous year and three out-years.
<b>Glossary</b>	Explains key terms.

## PB STATEMENTS ROAD MAP

Comprehensive information on all government decisions announced in the Budget are in *Budget Paper No. 2, Budget Measures 2005-06*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2005-06 Budget Measures.

The following chart shows the links between the Budget papers and the PB Statements.

Budget Paper	PB Statements equivalent
<b>Budget Paper No. 1 Budget Strategy and Outlook</b>	
<b>Statement 1: Fiscal Strategy and Budget Priorities</b> Overview of the fiscal and economic outlook	<b>User Guide</b>  <b>Portfolio Overview</b> Portfolio structure  <b>Agency Budget Statements</b> Section 1: Agency overview Section 2: Agency resources for 2005-06
<b>Statement 2: Fiscal Outlook</b> Budget aggregates and variations to the fiscal balance	<b>Agency Budget Statements</b> Section 2: Agency resources for 2005-06
<b>Statement 10: AAS Financial Statements</b> Accrual financial statements for the general government sector	<b>Agency Budget Statements</b> Section 5: Budgeted financial statements
<b>Budget Paper No. 2: Budget Measures</b>	
Budget revenue, expense and capital measures	<b>Agency Budget Statements</b> Section 2: Agency resources for 2005-06
<b>Budget Paper No. 3: Federal Financial Relations</b>	
Information on the Australian Government's relations with states, territories and local government, in particular, Specific Purpose Payments (SPPs)	<b>Agency Budget Statements</b> Section 2: Agency resources for 2005-06 Section 3: Agency outcomes
<b>Budget Paper No. 4: Agency Resourcing</b>	
Resourcing for Australian Government agencies, including Appropriation Bills	<b>Agency Budget Statements</b> Section 2: Agency resources for 2005-06

## Departmental and administered items

Under the Australian Government's accrual-based 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

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

### Administered items

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

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## Appropriations in the accrual budgeting framework

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

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to *Budget Paper No. 4: Agency Resourcing 2005-06*.

## **Components of agency financial statements**

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

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2005-06 Budget year and each of the forward years from 2006-07 to 2008-09. The statements also include the estimated actual for 2004-05 for comparative purposes.

The schedules included in the budgeted financial statements for 2005-06 are as follows.

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

## Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$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 Director, Budget Strategy Section in the Department of Immigration and Multicultural and Indigenous Affairs on (02) 6264 1016.

A copy of this document can be located on:

- the Australian Government Budget website at: <http://www.budget.gov.au>
- the Department of Immigration and Multicultural and Indigenous Affairs website at: <http://www.immi.gov.au>

