

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

Purpose of the Portfolio Budget Statements

The purpose of the 2006-07 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 2006-07 (or Appropriation Bill [Parliamentary Departments] No. 1 2006-07 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 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.

Part	Description
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 is presented in five sections:
Section 1: Overview	A brief overview of the agency.
Section 2: Resources	A reconciliation of agency resourcing information from the <i>2005-06 Mid-Year Economic and Fiscal Outlook</i> to the 2006-07 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
Glossary	Explains key terms.

PB STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2006-07*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, or for DIMA Tables 2.2.1, 2.2.2 and 2.2.3, 2006-07 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure Overview Resources for 2006-07
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	Resources for 2006-07
Statement 10: Australian Accounting Standards (AAS) Financial Statements Accrual financial statements for the general government sector	Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	Resources for 2006-07
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments (SPPs)	Resources for 2006-07 Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	Resources for 2006-07

Departmental and Administered items

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

Departmental items

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

Administered items

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

Appropriations in the accrual budgeting framework

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

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- Administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the States and 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 2006-07*.

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 the 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 2006-07 Budget year and each of the forward years from 2007-08 to 2009-10. The statements also include the estimated actual for 2005-06 for comparative purposes.

The schedules included in the budgeted financial statements for 2006-07 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Budgeted departmental statement of changes in equity — summary of movement	This represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
Departmental capital budget statement	Shows all planned departmental capital expenditure (expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non-financial assets during the Budget year.

Schedule	Purpose
Schedule of budgeted income and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of the Government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of Government.
Schedule of budgeted administered cash flows on behalf of government	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of administered property, plant, equipment and intangibles — summary of movement	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, External Budget Strategy Section in the Department of Immigration and Multicultural 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 Affairs website at <http://www.immi.gov.au>

