

**PORTFOLIO ADDITIONAL  
ESTIMATES STATEMENTS  
2005-06**

**INDUSTRY, TOURISM AND RESOURCES  
PORTFOLIO**

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**The Hon Ian Macfarlane MP  
Minister for Industry, Tourism and Resources**

PARLIAMENT HOUSE  
CANBERRA ACT 2600

Senator the Hon Paul Calvert  
President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

The Hon David Hawker MP  
Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Additional Estimates Statements in support of the 2005-06 Additional Estimates for the Industry, Tourism and Resources Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my Ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Macfarlane', written in a cursive style.

Ian Macfarlane

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**USER GUIDE  
TO THE  
PORTFOLIO ADDITIONAL  
ESTIMATES STATEMENTS**



# USER GUIDE

## INTRODUCTION

The purpose of the Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements, is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. However, unlike the Portfolio Budget Statements, the PAES summarise only the *changes* in resourcing by outcome since the Budget, that is, they do not include a complete resourcing table for the agency. The PAES include new Measures, summarise the changes by Appropriation Bill, and, where relevant, by Special Appropriation and Special Account.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (Nos. 3 and 4) 2005-06. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the Mid-Year Economic and Fiscal Outlook 2005-06 is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

## STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

### User Guide

Provides an introduction explaining the purpose of the PAES as well as information in relation to the styles and conventions used.

### Portfolio Overview

Provides an overview of the portfolio, including a chart that outlines the outcomes for agencies in the portfolio.

### Agency additional estimates statements

A statement (under the name of the agency) for each agency affected by Additional Estimates.

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#### Section 1: Agency overview, variations and measures

This section details the link between the resources appropriated, savings, the impact of any post-Budget measures, and their application to the outputs and administered items (usually programmes) that contribute to the achievement of outcomes. This section also reports changes to revenue from independent sources; changes to estimates of expenses from Special Appropriations; and changes to estimated Special Account flows.

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#### Section 2: Revisions to outcomes, administered items and outputs

This section details changes to planned Government outcomes, or to the contributing administered items and agency outputs.

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#### Section 3: Budgeted financial statements

This section contains revisions to the budgeted financial statements in accrual format covering Budget year, previous year and the three out-years for each agency.

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#### Glossary

Explains key terms.

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## STYLES AND CONVENTIONS USED

(a) The following notations may be used:

NEC/nec	not elsewhere classified
AEST	Australian Eastern Standard Time
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

(b) Figures in tables and in the text may be rounded. 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 Manager, Budget Estimates Coordination in the Department of Industry, Tourism and Resources on (02) 6213 6000.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.



**PART B**

**PORTFOLIO OVERVIEW**



## **PORTFOLIO OVERVIEW**

There have been no changes to the role and mission or the structure of the Industry, Tourism and Resources Portfolio since the 2005-06 Portfolio Budget Statement.

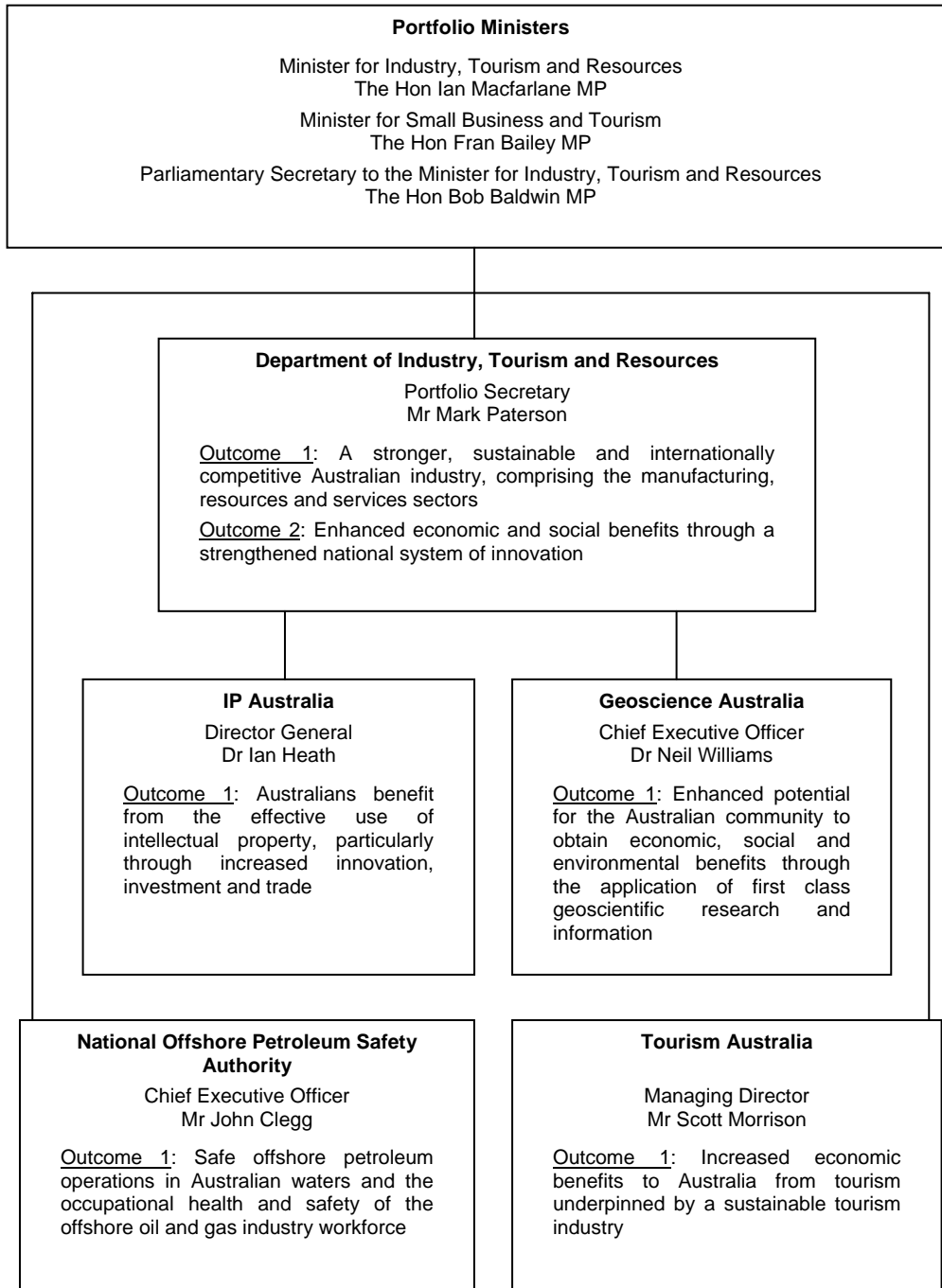
The Hon Bob Baldwin MP was appointed as Parliamentary Secretary to the Minister for Industry, Tourism and Resources on 27 January 2006. He replaces the former Parliamentary Secretary, the Hon Warren Entsch MP.

### **ADDITIONAL ESTIMATES AND VARIATIONS — PORTFOLIO LEVEL**

For 2005-06, additional estimates and variations are being sought for the following agencies within the Industry, Tourism and Resources Portfolio:

- The Department of Industry, Tourism and Resources (DITR), and
- IP Australia

**Figure 1: Portfolio structure and outcomes**



# AGENCY ADDITIONAL ESTIMATES STATEMENTS

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# DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES

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# DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

The total resources available to the Department of Industry, Tourism and Resources (DITR) in 2005-06 comprising Administered and Departmental Expenses, Capital and Departmental revenue is \$2.261b, an increase of \$164.181m since the 2005-06 Budget.

The increase is mainly due to revisions in estimates and the movement of funds from 2004-05 to 2005-06 for a number of administered programmes.

### ADMINISTERED

Administered resources for the financial year 2005-06 have increased by \$163.380m since Budget. The major contributors to this increase are the Offshore Petroleum Royalties (up \$110.215m) and the movement of funds from 2004-05 to 2005-06 (resulting in a net increase of \$47.977m).

Total Administered resources now total \$1,962.990m, comprising \$628.054m in annual expense appropriations, \$762.537m in special expense appropriations, \$25.925m in capital appropriations and \$546.474m in non-cash expenses (see Figure 2 pg 22).

The most significant variations since the 2005-06 Budget are:

- \$110.215m for the Offshore Petroleum Royalties Programme due to higher than expected crude oil prices;
- an aggregate movement of funds between years (rephasing) of \$47.997m into 2005-06 including: Hismelt (up \$50m), Hawker de Havilland (up \$10m) and Regulation Reduction Incentive Fund (down \$13.2m). (For full details see Table 1.3 on page 13); and
- \$4.885m write-down in the value of administered investments as a result of application of a market value revaluation required by the Australian Equivalent International Financial Reporting Standards.

Administered revenue for 2005-06 from non-appropriation sources has also increased by \$189.629m compared with Budget. The major contributor is the increase in estimated revenue of \$186.491m from the Offshore Petroleum Royalties Programme.

**DEPARTMENTAL**

Departmental resources now total \$298.469m, and have increased by \$0.801m since Budget. This is due to an increase in the price of outputs.

The increase in price of outputs relates to an additional measure of \$0.182m for the Australia-China Free Trade Agreement - negotiation and an increase of \$0.619m in independent source revenue.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
A stronger, sustainable and internationally competitive Australian industry, comprising the manufacturing, resources and services sectors	The Department seeks to achieve this outcome through: delivery of programs that contribute to building internationally competitive Australian industries; policy development and advice to target impediments to industry growth; and delivery of specialised business services including in the field of attracting foreign direct investment.	<u>Output 1.1</u> Program Management Services <u>Output 1.2</u> Policy Advice <u>Output 1.3</u> Business Services
<b>Outcome 2</b>		
Enhanced economic and social benefits through a strengthened national system of innovation	The Department seeks to achieve this outcome through: delivery of programs that contribute to strengthening and enhancing the innovation system; and policy development and advice to target impediments in the innovation system and facilitate innovation by Australian industry.	<u>Output Group 2.1</u> Program Management Services <u>Output 2.2</u> Policy Advice

## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

### Variations — Measures

**Table 1.2: Additional estimates and variations to outcomes – measures**

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
<b>Outcome 1</b>				
Increase in departmental appropriations				
Australia-China Free Trade Agreement – negotiation*	182	269	-	-

\* Refer to the **2005-06 Portfolio Additional Estimates Statement for the Department of Foreign Affairs and Trade** for full Measure Details.

## Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes – other variations**

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
<b>Outcome 1</b>				
Variations in administered appropriations				
<b>Bill 1</b>				
<b>-Movement of funds between years (rephasing)<sup>4</sup></b>				
Australian Tourism Development Programme	204	-	-	-
Business Ready Programme for Indigenous Tourism (BRPIT)	431	-	-	-
Building Entrepreneurship in Small Business Programme <sup>1</sup>	2,441	1,280	-	-
Home Based Business Seminar	59	-	-	-
Biofuels Capital Grants	(4,800)	7,200	-	-
Pharmaceuticals Partnership Programme (P3)	-	-	5,417	-
Regulation Reduction Incentive Fund	(13,217)	13,839	-	-
Structural Adjustment Fund for South Australia	2,317	-	-	-
Hawker de Havilland	10,000	2,500	-	-
Hismelt	50,000	-	-	-
Accreditation Initiative	251	-	-	-
<b>-Other</b>				
Support for Industry Service Organisation (parameter adjustments)	-	(6)	(39)	(67)
<b>Bill 2</b>				
<b>-Other</b>				
Payments to the Northern Territory in lieu of Royalties	159	405	368	248
<b>Special Appropriation</b>				
Offshore Petroleum Royalties	110,215	201,157	199,748	204,340
Offshore Minerals Act	(40)	-	-	-
<b>Total Outcome 1</b>	<b>158,020</b>	<b>226,375</b>	<b>205,494</b>	<b>204,521</b>
<b>Outcome 2</b>				
<b>-Movement of funds between years (rephasing)<sup>4</sup></b>				
Innovation Access Programme <sup>2</sup>	291	-	-	-
Commercial Ready Programme	-	-	1,658	-
<b>-Other</b>				
Innovation Access Programme <sup>3</sup>	(291)	-	-	-
Industry Cooperative Innovation Programme <sup>3</sup>	291	-	-	-
<b>Total Outcome 2</b>	<b>291</b>	<b>-</b>	<b>1,658</b>	<b>-</b>

1. Formerly known as the Small Business Assistance Programme.

2. *Innovation Access Programme* rephasing from 2004-05 is subsumed into the *Industry Cooperative Innovation Programme* (see note 3).

3. *Industry Cooperative Innovation Programme* subsumed the innovation component of *Innovation Access Programme* (ITR PBS 2005-06). The entries identified above reflect this effect on the rephasing of *Innovation Access Programme* (see note 2). The other component of *Innovation Access Programme* was subsumed into the *Commercial Ready Programme* (ITR PAES 2004-05).

4. Movements of funds includes funds moved from 2004-05.

**Table 1.3 (Continued): Additional estimates and variations to outcomes – other variations**

**Table 1.3(B): Departmental additional estimates and variations to outcomes other variations to appropriations**

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
<b>Outcome 1</b>				
Variations in departmental outcome split	2,172	-	-	-
Incremental Parameter Adjustment (October 2005)	-	-	(360)	(517)
<b>Total Outcome 1</b>	<b>2,172</b>	<b>-</b>	<b>(360)</b>	<b>(517)</b>
<b>Outcome 2</b>				
Variations in departmental outcome split	(2,172)	-	-	-
Incremental Parameter Adjustment (October 2005)	-	-	(96)	(137)
<b>Total Outcome 2</b>	<b>(2,172)</b>	<b>-</b>	<b>(96)</b>	<b>(137)</b>

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 (\$'000)			2006-07 (\$'000)			2007-08 (\$'000)			2008-09 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Australia-China Free Trade Agreement - negotiation*	1	1.2	-	182	182	-	269	269	-	-	-	-	-	-
<b>Total</b>			-	182	182	-	269	269	-	-	-	-	-	-

\* Refer to the *2005-06 Portfolio Additional Estimates Statement for the Department of Foreign Affairs and Trade* for full Measure Details.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
A stronger, sustainable and internationally competitive Australian industry, comprising the manufacturing, resources and services sectors.	96,407	306,947	354,633	47,686	-
<b>Outcome 2</b>					
Enhanced economic and social benefits through a strengthened national system of innovation.	174,407	220,358	220,649	291	-
<b>Total</b>	<b>270,814</b>	<b>527,305</b>	<b>575,282</b>	<b>47,977</b>	<b>-</b>
<b>DEPARTMENTAL ITEMS</b>					
<b>Outcome 1</b>					
A stronger, sustainable and internationally competitive Australian industry, comprising the manufacturing, resources and services sectors.	224,315	209,957	212,311	2,354	-
<b>Outcome 2</b>					
Enhanced economic and social benefits through a strengthened national system of innovation.	54,226	55,551	53,379	-	(2,172)
<b>Total</b>	<b>278,541</b>	<b>265,508</b>	<b>265,690</b>	<b>2,354</b>	<b>(2,172)</b>
<b>Total administered and departmental</b>	<b>549,355</b>	<b>792,813</b>	<b>840,972</b>	<b>50,331</b>	<b>(2,172)</b>

**Note 1:** 2004-05 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings*  
*- Rephasings - Other Reductions +/- Section 32.*

**Note 2:** No appropriation is provided in Appropriation Bill 3 for the agency where the total funding change across outcomes for departmental outputs is negative (where the amount shown in the 'Reduced Estimates' column is greater than the amount in the 'Additional Estimates' column).

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES</b>					
<b>Outcome 1</b>					
A stronger, sustainable and internationally competitive Australian industry, comprising the manufacturing, resources and services sectors.	50,825	52,613	52,772	159	-
<b>Total</b>	<b>50,825</b>	<b>52,613</b>	<b>52,772</b>	<b>159</b>	<b>-</b>
<b>NON-OPERATING</b>					
Equity injections - Departmental	8,233	-	-	-	-
Administered assets and liabilities	163,838	25,830	25,925	95	-
<b>Total capital</b>	<b>172,071</b>	<b>25,830</b>	<b>25,925</b>	<b>95</b>	<b>-</b>
Department of Industry Tourism and Resources					
<b>Total</b>	<b>222,896</b>	<b>78,443</b>	<b>78,697</b>	<b>254</b>	<b>-</b>

**Note 1:** 2004-05 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings  
 - Rephasings - Other Reductions +/- Section 32*

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 Budget	2005-06 Revised	Variation
<b>Outcome 1</b>			
A stronger, sustainable and internationally competitive Australian industry, comprising the manufacturing, resources and services sectors.	1,425	1,483	58
<b>Outcome 2</b>			
Enhanced economic and social benefits through a strengthened national system of innovation.	325	334	9
<b>Total</b>	<b>1,750</b>	<b>1,817</b>	<b>67</b>

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

		2005-06 Revised
S	Savings from annual appropriations	<b>nil</b>
T	Transfer appropriation monies across outcomes	<b>nil</b>
M	Movements of funding between years	<b>nil</b>
(Any other categories if applicable)		
<b>Total agency movements</b>		<b>nil</b>

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and includes FMA s.31 receipts and special accounts (non-appropriation receipts).

**Table 1.9: Other receipts available to be used**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Sales of Goods and Services	28,440	30,239
Other Revenue	3,354	2,298
<b>Total departmental other receipts available to be used</b>	<b>31,794</b>	<b>32,537</b>
<b>Administered other receipts</b>		
Services for other Government and non-FMA agencies - s20 FMA Act (A)	900	1,506
Ranger Rehabilitation - s20 FMA Act (S)	2,293	2,302
<b>Total administered other receipts available to be used</b>	<b>3,193</b>	<b>3,808</b>

A = Administered S = Special Public Monies

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations**

	Budget estimate	Revised estimate
	2005-06	2005-06
	\$'000	\$'000
<b>Estimated expenses</b>		
<i>Petroleum Submerged Lands Act 1967 s129(3)</i>		
Admin Expense - Ashmore & Cartier Islands (A)	600	600
Offshore Petroleum Fees (A)	6,000	6,000
Offshore Petroleum Royalties (A)	494,667	604,882
<i>Offshore Minerals Act 1994 s427</i>		
Offshore Minerals Act (A)	60	20
<i>States Grants (Petroleum Products) Act 1965 s13</i>		
Petroleum Products Freight Subsidy (A)	3,500	3,500
<i>Textile Clothing and Footwear Strategic Investment Programme Act 1999 s36(2) s37(2)</i>		
TCF-SIP (A)	147,535	147,535
<b>Total estimated expenses</b>	<b>652,362</b>	<b>762,537</b>

A = Administered

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	2005-06 <sup>(1)</sup>	2005-06	2005-06	2005-06	2005-06
	2004-05 <sup>(1)</sup>	2004-05	2004-05	2004-05	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Building Codes Board					
- s20 FMA Act (D)	325	5,632	5,783	-	174
	3,275	6,536	6,347	(3,139) <sup>(3)</sup>	325
Ministerial Council on Energy					
- s20 FMA Act (D)	-	9,966	6,000	-	3,966
	-	-	-	-	-
Services for other Government and non - FMA agencies - s20 FMA Act (A)					
	534	1,506	800	-	1,240
	687	978	1,131	-	534
Ranger Rehabilitation - s20 FMA Act (S) <sup>2</sup>					
	41,224	2,302	-	-	43,526
	39,026	2,198	-	-	41,224
<b>Total special accounts</b>	<b>42,083</b>	<b>19,406</b>	<b>12,583</b>	<b>-</b>	<b>48,906</b>
	42,988	9,712	7,478	(3,139)	42,083

D = Departmental A = Administered S = Special Public Monies

### Notes

1. The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance has changed from that shown in the 2005-2006 Portfolio Budget Statements as the actual for 2004-05 has been updated to reflect the final budget outcome for that year.
2. The cost of rehabilitating the Ranger Mine was estimated to be \$65,617,542 as at 31 Oct 2005. The shortfall in the balance of the account has been made up through the issuance of a bank guarantee for \$23,627,125.
3. This amount reflects the Appropriation Receivable as at 30 June 2005. This figure reduces the account balance, but not the amount available.

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and outputs groups' lists the outcome statements and output groups for the Department.

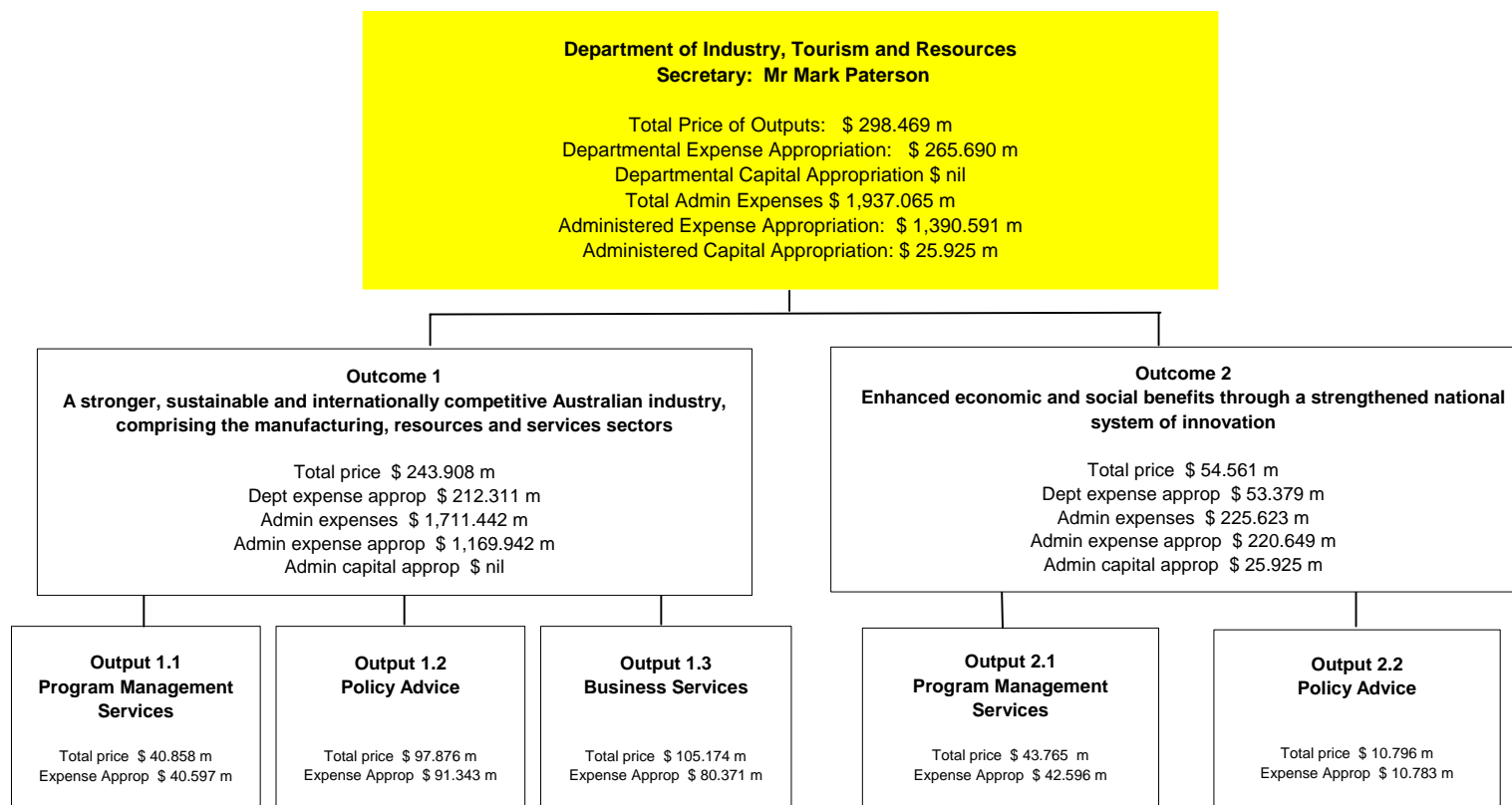
The outcomes and outputs framework for the Department of Industry, Tourism and Resources remains unchanged to that reported in the 2005-06 Portfolio Budget Statements.

There are no changes to the performance targets set out in the Portfolio Budget Statements for 2005-06 on pages 44 to 45 and page 49.

### **OUTPUT COST ATTRIBUTION**

The price for each output is made up of line Division contributions to each output plus Departmental overheads (including Corporate Division) and where applicable, independent source revenue. Overheads that cannot readily be allocated to particular outputs are attributed on the basis of line Division Average Staffing Level (ASL) proportions.

**Figure 2: Outcome and output structure**



**Revised performance information — 2005-06**

There have been no changes to the Performance Information for the Department since it was published in the Industry Tourism and Resources 2005-06 Portfolio Budget Statements.

## Section 3: Budgeted financial statements

### ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements for the Department of Industry, Tourism and Resources are presented in this section. The variations discussed in the previous sections have been incorporated into these statements.

#### Departmental financial statements

##### Budgeted departmental income statement

The statement shows the estimated revenues and expenses for the Department.

The Department is budgeting for an operating loss of \$0.880m in 2005-06. Of this amount, \$0.500m relates to the Australian Building Codes Board (ABCB) seeking to draw down its cash reserves from its Special Account to fund its activities this year. The other component of the loss (\$0.380m) is to allow the draw down of funds appropriated in the 2004-05 financial year for the Collective Bargaining Education Campaign for Small Business. This action was necessary due to a delay in the passing of enabling legislation.

The adoption of the Australian Equivalents to International Financial Reporting Standards (AEIFRS) has resulted in a decrease in the estimate of the value of non-financial assets. AEIFRS does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The Department's internally developed software is specific to the needs to the Department and is not traded. An assessment was carried out which identified a number of assets that do not meet the requirements for capitalisation under AEIFRS. Consequently these assets were de-recognised (refer Table 3.1).

#### Revenue

Total departmental revenue budgeted for 2005-06 is \$298.469m – of which \$265.690m is Revenue from Government and \$32.779m is revenue from independent sources. Total revenue has increased by \$0.801m (0.3%) from the Budget estimate of \$297.668m. The increase is principally due to an additional measure and an increase in the estimated independent source revenue.

**Revenue from Government** - increased by \$0.182m from \$265.508m at Budget to \$265.690m (up 0.07%). This increase is due to the funding received for the Australia-China Free Trade Agreement – negotiation (\$0.182m). Refer to 'Summary of Measures since the 2005-06 Budget' on page 15 for more details.

**Revenue from independent sources** - increased by \$0.619m (up 1.9%) from \$32.160m at Budget to \$32.779m. This is mainly due to an increase in estimated revenue for the Australian Building Codes Board from the sale of the Australian Building Codes of Australia publication and the increase in revenue from the Australian Greenhouse Office for the Low Emission Technology Demonstration Fund Programme.

#### **Expenses**

Total departmental expenses have increased by \$1.681m (up 0.6%) from \$297.668m at Budget to \$299.349m. The increase is mainly due to the increase in employee expenses, offset by a reduction in suppliers expenses and depreciation expense.

**Employees Expense** - increased by \$11.404m (up 7.6%) from \$149.483m at Budget to \$160.887m. This reflects an increase in the average staffing level estimated at Budget and the impact of an actuarial assessment on employee leave provisions.

**Suppliers** - decreased by \$9.754m (down 7.6%) from \$127.631m at Budget to \$117.877m.

**Depreciation and amortisation** - decreased by \$3.595m (down 20%) from \$17.988m at Budget to \$14.393m. This decrease is mainly due to the reduction in the value of assets as a result of the adoption of the new Australian Equivalent to International Financial Reporting Standards.

#### **Budgeted departmental balance sheet**

The statement shows the estimated end of year position of the Department.

The Department's estimated equity position as at 30 June 2006 is expected to decrease by \$6.181m (down 15.9%) from \$38.845m at Budget to \$32.664m. Major variations include the following:

#### **Non-Financial Assets**

**Infrastructure, Plant and Equipment** - decreased by \$6.162m (down 17.7%) from \$34.741m at Budget to \$28.579m. The decrease is mainly due to the re-classification of leasehold improvements to Land & Buildings.

**Intangibles** - decreased by \$5.439m from \$17.631m at Budget to \$12.192m (down 30.8%). The decrease is mainly due to revaluations as a result of the adoption of the Australian Equivalent International Financial Reporting Standards.

**Employee Provisions** - increased by \$4.995m (up 10.6%) from \$47.056m at Budget to \$52.051m. This is due to the increase in the estimated staffing level from Budget and the associated additional employee expenses, the effect of year end actuals, and the impact of an actuarial assessment.

**Budgeted departmental statement of cash flows**

This statement provides information on estimates of the extent and nature of cash flows by categorising the expected cash flows against operating activities, investing and financing activities.

**Departmental statement of changes in equity — summary of movement**

This statement shows the budgeted movement of equity during the budget year. The estimates for 2005-06 have been revised to reflect the approved operating loss and adjustments to the budgeted opening balance to reflect the 2004-05 actual amount reported.

**Departmental capital budget statement**

This statement shows all planned departmental capital expenditure on non-financial assets, whether funded through capital appropriation for additional equity or borrowings, or from internal sources.

All of the Department's planned capital expenditure is funded internally from appropriation receivable and accumulated funds. The estimate of total capital expenditure for 2005-06 has increased from \$16.600m at Budget to \$21.500m due mainly to increased intangibles (refer to Table 3.5 on page 34).

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows budgeted acquisitions and disposals of non-financial assets during the budget year.

## **Schedule of administered activity**

### **Schedule of budgeted income and expenses administered on behalf of government**

This schedule shows the estimated revenues and expenses for the programmes the Department administers on behalf of the Government.

Revenues administered on behalf of government have increased by a total of \$189.629m from the 2005-06 budget. The increased estimates comprise Offshore Petroleum Royalties of \$186.491m (up 23.43%), Timor Sea Petroleum Royalty Revenue of \$2.480m (up 27.77%), and Uranium Royalties of \$0.698m (up 5.11%). The changes are due to higher crude oil prices and higher spot uranium price respectively and the effect of exchange rates.

Forecast expenses have increased by \$163.285m (up 9.21%) since Budget with \$163.331m relating to an increase in Grant expenses (up 13.68%), \$4.974m relating to an increase in Write-Down and Impairment of Assets expenses, and \$5.000m relating to a decrease in Subsidies expenses.

The \$5.000m decrease in Subsidies expenses is due to reclassification in the Budgeted Financial Statements of the Textile, Clothing, Footwear Post 2005 Strategic Investment Programme (TCFSIP) from Subsidies to Grants – this does not reduce the appropriations available for the programme as the decrease in subsidies is matched by an increase in expenses.

The \$163.311m increase in Grants expenses includes \$5.000m moved from Subsidies for TCFSIP, and a net increase of \$47.977m from movement of funds for a number of programmes – also included in this figure is the \$110.215m increase in Offshore Petroleum Royalties (which are classified under Grants in the Financial Statements). For details of these variations, please refer to Table 1.3(A): Administered Additional estimates and variations to outcomes on page 13.

The \$4.974m in Write-Down and Impairment of Assets expenses is mainly due to the application of market value to the Department's investment in Ceramic Fuel Cells Limited, which is required by Australian Equivalent International Accounting Standards (AEIFRS).

### **Schedule of budgeted assets and liabilities administered on behalf of government**

This schedule shows the estimated end of year position for assets and liabilities administered on behalf of the Government.

Administered Receivables have decreased by \$15.824m (down 4.08%) mainly due to the lower than expected advances made under capital programmes in 2004-05 (the Innovation Investment Fund, Commercial Ready Programme, and Competitive

Pre-Seed) – this has the effect of reducing the opening 2005-06 balances for these programmes.

Administered Investments decreased by \$9.340m (down 7.30%). \$4.885m of this reduction relates to the application of AEIFRS to the investment in Ceramic Fuel Cells Limited (down 86.00%). The balance of the reduction, \$4.455m, is as a consequence of the National Standard Commission, previously a portfolio agency, being subsumed into the National Measurement Institute, a division of the Department.

Accrued Revenue has increased by \$19.295m (up 23.93%). This is mainly attributed to higher revenue estimate for Offshore Petroleum Royalties which increased by \$16.784m (up 24.43%).

Estimated subsidies payable have increased by \$25.403m (up 19.77%). The majority of this relates to the Automotive Competitiveness and Investment Scheme increasing by \$25.004m (up 19.46%). Grants payables, which include royalties, increased by \$13.260m (up 22.48%) from the 2005-06 Budget. This is mainly due to the increase of \$9.902m in Offshore Petroleum Royalties Payables (up 22.28%).

#### **Schedule of budgeted administered cash flows**

This schedule shows the estimated cash receipts and payments administered on behalf of Government.

Cash Received from Operating Activities has increased by \$363.657m (up 17.44%) to \$2,449.188m. The increase is predominantly associated with higher Administered revenue from Offshore Petroleum and other Royalties and Fees programmes by \$196.909m (up 23.94%) and an increase in expense appropriations by \$166.748m (up 13.72%).

Cash Used in Operating Activities has also increased by \$363.657m (up 17.44%) because of the expected increase in Cash to Official Public Account of \$196.909m (up 23.36%) and Royalties expenditure increasing by \$113.110m (up 22.76%). The increase in Cash to Official Public Account is due to estimated higher revenue receipts from Royalties, mainly Offshore Petroleum Royalties.

Cash flows relating to Administered Capital (Advances and Loans Made) have increased since Budget by \$9.127m (up 25.17%) principally due to carry over amounts into 2005-06 that were not drawn down in 2004-05.

#### **Schedule of administered capital budget**

The minor increase of \$0.095m (up 0.37%) in capital budget is due to transfer of \$0.095m from the revolving fund for Innovation Investment Fund to cover GST payments.

**Schedule of administered property, plant, equipment and intangibles —  
summary of movement**

There has been no movement or change in the schedule of administered non-financial assets.

## BUDGETED FINANCIAL STATEMENTS

**Table 3.1: Budgeted departmental income statement (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	278,541	265,690	252,536	246,552	237,659
Goods and services	27,054	30,481	31,036	31,688	32,354
Other	4,938	2,298	2,346	2,395	2,445
<b>Total revenue</b>	<b>310,533</b>	<b>298,469</b>	<b>285,918</b>	<b>280,635</b>	<b>272,458</b>
<b>Total income</b>	<b>310,533</b>	<b>298,469</b>	<b>285,918</b>	<b>280,635</b>	<b>272,458</b>
<b>EXPENSE</b>					
Employees	151,755	160,887	159,972	157,569	153,352
Suppliers	132,958	117,877	106,400	104,175	100,271
Grants	5,583	3,528	2,307	2,307	1,307
Subsidies					
Depreciation and amortisation	12,505	14,393	15,031	14,331	15,228
Write-down of assets and impairment of assets	1,800	-	-	-	-
Net losses from sale of assets	326	-	-	-	-
Other	2,967	2,107	2,151	2,196	2,243
<b>Total expenses (Excluding borrowing costs expense)</b>	<b>307,894</b>	<b>298,792</b>	<b>285,861</b>	<b>280,578</b>	<b>272,401</b>
Competitive neutrality expense	549	557	557	557	557
<b>Net surplus or (deficit)</b>	<b>2,090</b>	<b>(880)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
Net increase/(decrease) in asset revaluation reserve	1,227	-	-	-	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>3,317</b>	<b>(880)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	5,656	8,142	6,968	6,793	6,618
Receivables	41,756	30,843	20,421	19,652	16,265
Accrued revenues	3,177	2,796	2,902	2,582	2,500
<b>Total financial assets</b>	<b>50,589</b>	<b>41,781</b>	<b>30,291</b>	<b>29,027</b>	<b>25,383</b>
<b>Non-financial assets</b>					
Land and buildings	6,600	15,014	24,728	23,922	23,034
Infrastructure, plant and equipment	32,038	28,579	30,804	33,143	34,707
Inventories	1,587	1,632	1,495	1,637	1,626
Intangibles	10,040	12,192	10,122	9,858	11,054
Other	2,473	2,673	2,573	2,698	2,698
<b>Total non-financial assets</b>	<b>52,738</b>	<b>60,090</b>	<b>69,722</b>	<b>71,258</b>	<b>73,119</b>
<b>Total assets</b>	<b>103,327</b>	<b>101,871</b>	<b>100,013</b>	<b>100,285</b>	<b>98,502</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	1,450	1,450	1,450	1,450	1,450
<b>Total interest bearing liabilities</b>	<b>1,450</b>	<b>1,450</b>	<b>1,450</b>	<b>1,450</b>	<b>1,450</b>
<b>Provisions</b>					
Employees	50,869	52,051	51,740	51,510	50,650
Other	719	719	719	719	719
<b>Total provisions</b>	<b>51,588</b>	<b>52,770</b>	<b>52,459</b>	<b>52,229</b>	<b>51,369</b>
<b>Payables</b>					
Suppliers	14,534	13,872	12,675	13,519	13,031
Other	2,211	1,115	1,265	1,423	1,488
<b>Total payables</b>	<b>16,745</b>	<b>14,987</b>	<b>13,940</b>	<b>14,942</b>	<b>14,519</b>
<b>Total liabilities</b>	<b>69,783</b>	<b>69,207</b>	<b>67,849</b>	<b>68,621</b>	<b>67,338</b>
<b>EQUITY*</b>					
Contributed equity	30,247	30,247	30,247	30,247	30,247
Reserves	4,155	4,155	4,155	4,155	4,155
Retained surpluses or accumulated deficits	(858)	(1,738)	(2,238)	(2,738)	(3,238)
<b>Total equity</b>	<b>33,544</b>	<b>32,664</b>	<b>32,164</b>	<b>31,664</b>	<b>31,164</b>
<b>Current assets</b>	53,730	46,086	34,359	33,362	29,707
<b>Non-current assets</b>	49,597	55,785	65,654	66,923	68,795
<b>Current liabilities</b>	42,568	42,216	41,388	41,859	41,076
<b>Non-current liabilities</b>	27,215	26,991	26,461	26,762	26,262

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	28,124	30,239	31,465	30,706	30,705
Appropriations	257,069	274,498	260,659	246,161	241,044
Other	12,868	17,406	16,463	16,049	15,878
<b>Total cash received</b>	<b>298,061</b>	<b>322,143</b>	<b>308,587</b>	<b>292,916</b>	<b>287,627</b>
<b>Cash used</b>					
Employees	147,744	160,425	160,283	157,799	154,212
Suppliers	133,448	118,539	107,597	103,174	101,193
Grants	5,359	3,528	2,307	2,307	1,307
Other	9,987	15,108	14,117	13,654	13,433
<b>Total cash used</b>	<b>296,538</b>	<b>297,600</b>	<b>284,304</b>	<b>276,934</b>	<b>270,145</b>
<b>Net cash from or (used by) operating activities</b>	<b>1,523</b>	<b>24,543</b>	<b>24,283</b>	<b>15,982</b>	<b>17,482</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	197	-	-	-	-
<b>Total cash received</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	15,447	21,500	24,900	15,600	17,100
<b>Total cash used</b>	<b>15,447</b>	<b>21,500</b>	<b>24,900</b>	<b>15,600</b>	<b>17,100</b>
<b>Net cash from or (used by) investing activities</b>	<b>(15,250)</b>	<b>(21,500)</b>	<b>(24,900)</b>	<b>(15,600)</b>	<b>(17,100)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	6,402	-	-	-	-
<b>Total cash received</b>	<b>6,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Other	557	557	557	557	557
<b>Total cash used</b>	<b>557</b>	<b>557</b>	<b>557</b>	<b>557</b>	<b>557</b>
<b>Net cash from or (used by) financing activities</b>	<b>5,845</b>	<b>(557)</b>	<b>(557)</b>	<b>(557)</b>	<b>(557)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(7,882)</b>	<b>2,486</b>	<b>(1,174)</b>	<b>(175)</b>	<b>(175)</b>
Cash at the beginning of the reporting period	13,538	5,656	8,142	6,968	6,793
<b>Cash at the end of the reporting period</b>	<b>5,656</b>	<b>8,142</b>	<b>6,968</b>	<b>6,793</b>	<b>6,618</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	1,598	4,888	-	30,247	36,733
Adjustment for changes in accounting policies	(2,456)	(733)	-	-	(3,189)
<b>Adjusted opening balance</b>	<b>(858)</b>	<b>4,155</b>	<b>-</b>	<b>30,247</b>	<b>33,544</b>
Net operating result	(880)	-	-	-	(880)
<b>Total income and expenses recognised directly in equity</b>	<b>(880)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(880)</b>
<b>Closing balance as at 30 June 2006</b>	<b>(1,738)</b>	<b>4,155</b>	<b>-</b>	<b>30,247</b>	<b>32,664</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	8,233	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>8,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally by Departmental resources	18,500	21,500	24,900	15,600	17,100
<b>Total</b>	<b>18,500</b>	<b>21,500</b>	<b>24,900</b>	<b>15,600</b>	<b>17,100</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>					
Gross book value	848	5,808	40,934	25,954	73,544
Accumulated depreciation		(56)	(8,896)	(15,914)	(24,866)
<b>Opening net book value</b>	<b>848</b>	<b>5,752</b>	<b>32,038</b>	<b>10,040</b>	<b>48,678</b>
Additions	-	11,000	4,533	5,967	21,500
Depreciation/amortisation expense	-	(2,586)	(7,992)	(3,815)	(14,393)
<b>As at 30 June 2006</b>					
Gross book value	848	16,808	45,467	31,921	95,044
Accumulated depreciation	-	(2,642)	(16,888)	(19,729)	(39,259)
<b>Closing net book value</b>	<b>848</b>	<b>14,166</b>	<b>28,579</b>	<b>12,192</b>	<b>55,785</b>

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	530,922	610,078	602,078	602,078	602,078
<b>Total taxation</b>	<b>530,922</b>	<b>610,078</b>	<b>602,078</b>	<b>602,078</b>	<b>602,078</b>
<b>Non-taxation</b>					
Interest	6,183	2,700	2,500	2,600	2,400
Dividends	14,300	13,559	35,425	14,521	14,521
Other sources of non-taxation revenues	17,853	1,610	1,600	1,600	1,600
Royalties	868,851	1,019,159	1,140,430	1,172,278	1,187,375
<b>Total non-taxation</b>	<b>907,187</b>	<b>1,037,028</b>	<b>1,179,955</b>	<b>1,190,999</b>	<b>1,205,896</b>
<b>Total revenues administered on behalf of Government</b>	<b>1,438,109</b>	<b>1,647,106</b>	<b>1,782,033</b>	<b>1,793,077</b>	<b>1,807,974</b>
<b>Total income administered on behalf of Government</b>	<b>1,438,109</b>	<b>1,647,106</b>	<b>1,782,033</b>	<b>1,793,077</b>	<b>1,807,974</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	908,360	1,357,247	1,166,929	1,083,264	1,098,512
Subsidies	574,456	573,844	635,693	647,400	647,400
Suppliers	2,436	-	-	-	-
Depreciation and amortisation	1,000	1,000	1,000	1,000	1,000
Write down and impairment of assets	9,237	4,974	-	-	-
Other	499	-	-	-	-
<b>Total expenses administered on behalf of Government</b>	<b>1,495,988</b>	<b>1,937,065</b>	<b>1,803,622</b>	<b>1,731,664</b>	<b>1,746,912</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Receivables	338,590	372,248	394,061	440,837	441,322
Investments under the equity method	123,481	118,596	118,596	118,596	118,596
Accrued revenues	100,076	99,917	107,965	106,247	105,318
<b>Total financial assets</b>	<b>562,147</b>	<b>590,761</b>	<b>620,622</b>	<b>665,680</b>	<b>665,236</b>
<b>Non-financial assets</b>					
Intangibles	10,083	9,083	8,083	7,083	6,083
Other	5,830	10,701	10,701	10,701	10,701
<b>Total non-financial assets</b>	<b>15,913</b>	<b>19,784</b>	<b>18,784</b>	<b>17,784</b>	<b>16,784</b>
<b>Total assets administered on behalf of Government</b>	<b>578,060</b>	<b>610,545</b>	<b>639,406</b>	<b>683,464</b>	<b>682,020</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Grants and subsidies	280,820	226,149	213,650	199,309	184,578
Other payables	2,990	2,990	2,990	2,990	2,990
<b>Total payables</b>	<b>283,810</b>	<b>229,139</b>	<b>216,640</b>	<b>202,299</b>	<b>187,568</b>
<b>Total liabilities administered on behalf of Government</b>	<b>283,810</b>	<b>229,139</b>	<b>216,640</b>	<b>202,299</b>	<b>187,568</b>

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other taxes, fees and fines	3,361	2,078	2,078	2,078	2,078
Royalties	834,202	1,019,250	1,132,382	1,173,995	1,188,904
GST received	19,501	26,924	8,566	5,108	5,108
Cash from Official Public Account - Appropriations	910,174	1,382,477	1,215,043	1,144,926	1,161,165
Interest	3,894	2,700	2,500	2,600	2,400
Dividends	14,300	13,559	35,425	14,521	14,521
Other	9,514	2,200	2,200	2,200	2,200
<b>Total cash received</b>	<b>1,794,946</b>	<b>2,449,188</b>	<b>2,398,194</b>	<b>2,345,428</b>	<b>2,376,376</b>
<b>Cash used</b>					
Royalties	507,208	610,148	652,370	650,734	661,256
Grant payments	390,315	739,985	510,980	430,792	436,509
Subsidies paid	12,260	32,344	51,693	63,400	63,400
Cash to Official Public Account	937,011	1,039,787	1,174,585	1,195,394	1,210,103
GST Paid	19,725	26,924	8,566	5,108	5,108
Suppliers	507				
Other	41				
<b>Total cash used</b>	<b>1,867,067</b>	<b>2,449,188</b>	<b>2,398,194</b>	<b>2,345,428</b>	<b>2,376,376</b>
<b>Net cash from or (used by) operating activities</b>	<b>(72,121)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.9 (Continued): Schedule of budgeted administered cash flows (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Repayments of advances	18,902	11,038	8,000	10,000	10,000
<b>Total cash received</b>	<b>18,902</b>	<b>11,038</b>	<b>8,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Cash used</b>					
Advances and loans made	114,366	45,385	30,413	57,376	11,085
Cash to Official Public Account		11,038	8,000	10,000	10,000
<b>Total cash used</b>	<b>114,366</b>	<b>56,423</b>	<b>38,413</b>	<b>67,376</b>	<b>21,085</b>
<b>Net cash from or (used by) investing activities</b>	<b>(95,464)</b>	<b>(45,385)</b>	<b>(30,413)</b>	<b>(57,376)</b>	<b>(11,085)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	166,938	45,385	30,413	57,376	11,085
GST appropriations	20,774	26,924	8,566	5,108	5,108
<b>Total cash received</b>	<b>187,712</b>	<b>72,309</b>	<b>38,979</b>	<b>62,484</b>	<b>16,193</b>
<b>Cash used</b>					
Return of the GST appropriations to Official Public Account	20,127	26,924	8,566	5,108	5,108
<b>Total cash used</b>	<b>20,127</b>	<b>26,924</b>	<b>8,566</b>	<b>5,108</b>	<b>5,108</b>
<b>Net cash from or (used by) financing activities</b>	<b>167,585</b>	<b>45,385</b>	<b>30,413</b>	<b>57,376</b>	<b>11,085</b>
<b>Net increase or (decrease) in cash held</b>					
Cash at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- appropriations	910,022	1,382,477	1,215,043	1,144,926	1,161,165
- special accounts	152				
- Capital appropriations	166,938	45,385	30,413	57,376	11,085
- GST Appropriations	20,774	26,924	8,566	5,108	5,108
Transfers from other entities (Finance - Whole of Government)	903,674	1,077,749	1,191,151	1,210,502	1,225,211
Cash to Official Public Account for:					
- appropriations	937,011	1,039,787	1,174,585	1,195,394	1,210,103
- GST accounts	20,127	26,924	8,566	5,108	5,108
Transfers to other entities	1,044,422	1,465,824	1,262,022	1,217,410	1,187,358
<b>Cash at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.10: Schedule of administered capital budget**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	166,938	25,925	13,350	33,903	7,760
Special appropriations					
<b>Total capital appropriations</b>	<b>166,938</b>	<b>25,925</b>	<b>13,350</b>	<b>33,903</b>	<b>7,760</b>
<b>Represented by:</b>					
Purchase of non-financial assets					
Other	166,938	25,925	13,350	33,903	7,760
<b>Total represented by</b>	<b>166,938</b>	<b>25,925</b>	<b>13,350</b>	<b>33,903</b>	<b>7,760</b>

**Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Other intangibles	Total
	\$'000	\$'000
<b>As at 1 July 2005</b>		
Gross book value	15,000	15,000
Accumulated depreciation	(4,917)	(4,917)
<b>Opening net book value</b>	<b>10,083</b>	<b>10,083</b>
Depreciation/amortisation expense	1,000	1,000
<b>As at 30 June 2006</b>		
Gross book value	15,000	15,000
Accumulated depreciation	(5,917)	(5,917)
<b>Closing net book value</b>	<b>9,083</b>	<b>9,083</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

#### **Accounting Policy**

The agency budget statements have been prepared on an accrual accounting basis, having regard to the Statement of Accounting Concepts, and in accordance with:

- the Finance Minister's Orders;
- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board; and
- the consensus views of the Urgent Issues Group.

#### **Departmental and Administered Items**

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Department that are used by the Department in producing its outputs and include:

- computers, plant and equipment used in providing goods and services;
  - liabilities for employee entitlements;
  - revenue from appropriations or independent sources in payment for outputs;
- and
- employee, supplier and depreciation expenses incurred in providing agency outputs.

Administered items are those items incurred in providing programmes that are controlled by the Government and managed, or oversighted, by the Department on behalf of the Government. Administered expenses include grant payments and subsidies, whilst administered revenue includes levies, fees and fines.

# IP AUSTRALIA

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# IP AUSTRALIA

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There is no change to the principal objectives and functions of IP Australia to those included in the 2005-06 Portfolio Budget Statements.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Outputs
<b>Outcome 1</b>		
Australians benefit from the effective use of intellectual property, particularly through increased innovation, investment and trade	IP Australia seeks to achieve this outcome by administering the Patents, Designs, Trade Marks and Plant Breeders Rights acts, promoting the benefits of intellectual property and participating in the development of international IP systems.	Output 1: Patents Output 2: Designs Output 3: Trade Marks Output 4: Public Information and Awareness Output 5: Program Development

## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

### Variations — Measures

The revised price of outputs is \$103.521m. The revised departmental outcome appropriation is \$2.317m. The revised appropriation for Output 1, Patents, is \$1.222m. The revised appropriation for Output 2, Designs, is \$0.075m. The revised appropriation for Output 3, Trade Marks, is \$0.582m. The revised appropriation for Output 4, Public Information & Awareness, is \$0.063m. The revised appropriation for Output 5, Programme Development, is \$0.375m.

Total IP Australia departmental appropriation for 2005-06 has increased by \$0.567m since Budget to reflect:

- increased notional interest against the IP Australia Special Account of \$0.299m, and
- included for the first time is appropriation of \$0.268m against a new measure relating to the Australia-China Free Trade Agreement – negotiation for 2005-06 (measure shown in Table 1.2).

**Table 1.2: Additional estimates and variations to outcomes – measures**

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
<b>Outcome 1</b>				
Increase in departmental appropriations				
Australia-China Free Trade Agreement - negotiation*	268	268	-	-

\* Refer to the *2005-06 Portfolio Additional Estimates Statement for the Department of Foreign Affairs and Trade* for full Measure Details.

### Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes – other variations**

	2005-06 (\$'000)	2006-07 (\$'000)	2007-08 (\$'000)	2008-09 (\$'000)
<b>Outcome 1</b>				
<b>Variations in departmental appropriations</b>				
Notional Special Account Interest	299	-	-	-

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2005-06 Budget**

Measure	Outcome	Output groups affected	2005-06 (\$'000)			2006-07 (\$'000)			2007-08 (\$'000)			2008-09 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Measure Australia-China Free Trade Agreement - negotiation*	1	5	-	268	268	-	268	268	-	-	-	-	-	-
<b>Total</b>			-	268	268	-	268	268	-	-	-	-	-	-

\* Refer to the *2005-06 Portfolio Additional Estimates Statement for the Department of Foreign Affairs and Trade* for full Measure Details.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

	2004-05 available \$'000	2005-06 budget \$'000	2005-06 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ADMINISTERED ITEMS</b>					
<b>Outcome 1</b>					
Australians benefit from the effective use of intellectual property, particularly through increased innovation, investment and trade	73	72	72	-	
<b>Total</b>	73	72	72	-	
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
Australians benefit from the effective use of intellectual property, particularly through increased innovation, investment and trade	1,738	1,750	2,317	567	
<b>Total</b>	1,738	1,750	2,317	567	
<b>Total administered and departmental</b>	1,811	1,822	2,389	567	

**Note 1:** 2004-05 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings - Rephasings - Other Reductions +/- Section 32*

**Note 2:** No appropriation is provided in Appropriation Bill 3 for the agency where the total funding change across outcomes for departmental outputs is negative.

**Note 3:** \$0.299m of additional appropriation represents notional interest on the IP Australia Special Account. Funds are credited direct to the IP Australia Special Account and must be expended in accordance with the purposes of the Special Account.

**Table 1.6: Appropriation Bill (No. 4) 2005-06**

IP Australia does not carry any Appropriation Bill 2 or Bill 4 funding.

## SUMMARY OF STAFFING CHANGES

There is no variation from information supplied in the 2005-06 Portfolio Budget Statements.

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of agency savings**

		2005-06
		Revised
S	Savings from annual appropriations	<b>nil</b>
T	Transfer appropriation monies across outcomes	<b>nil</b>
M	Movements of funding between years	<b>nil</b>
(Any other categories if applicable)		
<b>Total agency movements</b>		<b>nil</b>

## OTHER RECEIPTS AVAILABLE TO BE USED

There is no variation from information supplied in the 2005-06 Portfolio Budget Statements.

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

IP Australia has no special appropriations for 2005-06.

## ESTIMATES OF SPECIAL ACCOUNT FLOWS

**Table 1.11: Estimates of special account flows**

	Opening Balance <b>2005-06<sup>(1)</sup></b> 2004-05 <sup>(1)</sup> \$'000	Receipts <b>2005-06</b> 2004-05 \$'000	Payments <b>2005-06</b> 2004-05 \$'000	Closing Balance <b>2005-06</b> 2004-05 \$'000
IP Australia Special Account - FMA Act (D)	<b>1,761</b> 4,672	<b>112,362</b> 105,763	<b>112,623</b> 108,674	<b>1,500</b> 1,761
Services for other Governments and non-Departmental Bodies Account - IP Australia	<b>74</b> 25	<b>500</b> 585	<b>500</b> 536	<b>74</b> 74
Other Trust Monies Account - FMA Act (D)	<b>429</b> 37	<b>6,000</b> 6,904	<b>6,000</b> 6,512	<b>429</b> 429
<b>Total special accounts</b>	<b>2,264</b> 4,734	<b>118,862</b> 113,252	<b>119,123</b> 115,722	<b>2,003</b> 2,264

D = Departmental; A= Administered

Acts Glossary:

FMA Act = *Financial Management and Accountability Act, 1997*

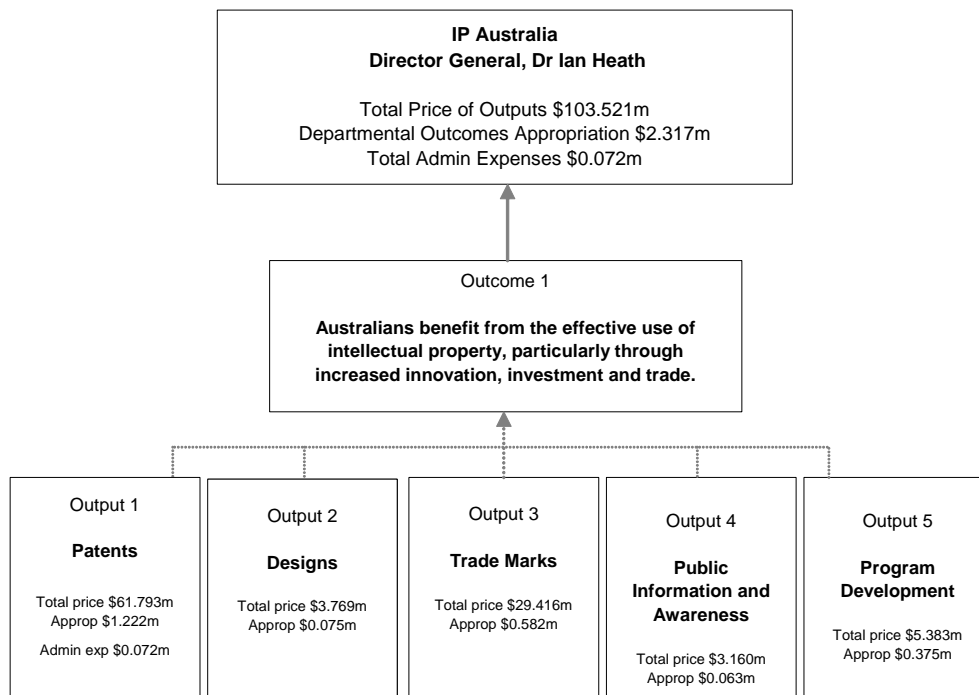
Note 1 The Opening Balance for 2005-06 is the same as the final closing balance for 2004-05.

## Section 2: Revisions to agency outcomes

### OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 ‘Agency outcomes and outputs groups’ lists the outcome statements and output groups for IP Australia.

**Figure 2: Outcome and output structure for Outcome 1**



**Outcome 1**

IP Australia has a single outcome – Outcome 1 Australians benefit from the effective use of intellectual property, particularly through increased innovation, investment and trade.

**Revised Interest for Special Account (D)**

IP Australia has revised its appropriation in relation to notional interest for the balance of the IP Australia Special Account. The increased departmental appropriation of \$0.299m has been calculated in accordance with Department of Finance and Administration guidelines. The increase reflects a higher balance for the Special Account at the end of financial year 2004-05 than was previously forecast.

**New Measure (D)**

IP Australia has introduced a new measure called the Australia-China Free Trade Agreement – negotiation (see Table 1.2 for full Measure). The increased appropriation in 2005-06 of \$0.268m and corresponding increased cost has been allocated to Output 5 Programme Development on the basis that the resources are directly attributable to this output.

## Revised performance information — 2005-06

**Table 2.1: Performance information for outputs affected by additional estimates Outcome 1**

Output	Performance information 2005-06 budget	Performance information 2005-06 revised
<b>Output 1</b> Patents	No change to performance information since the 2005-06 Portfolio Budget Statements.	
<b>Output 2</b> Designs	No change to performance information since the 2005-06 Portfolio Budget Statements.	
<b>Output 3</b> Trade Marks	No change to performance information since the 2005-06 Portfolio Budget Statements.	
<b>Output 4</b> Public Information and Awareness	No change to performance information since the 2005-06 Portfolio Budget Statements.	
<b>Output 5</b> Program Development	<p>Quality</p> <p>Influential presence and outcomes achieved in the development of the global IP system including in bilateral agreements and at international fora, in particular WIPO and the Asia-Pacific Region, and changes/improvements to the system to meet Australian needs and interests.</p> <p>Quantity</p> <p>* Extent of IP research supported. * Number of Advisory Council on Intellectual Property (ACIP) and Professional Standards Board (PSB) meetings supported. * Number of submissions, draft bills and regulations, briefs and ministerial responses prepared. * Extent of involvement in bilateral agreements and at international fora.</p> <p>Price Cost of output \$5.115m</p>	<p>Quality</p> <p>Influential presence and outcomes achieved in the development of the global IP system including in bilateral agreements and at international fora, in particular WIPO and the Asia-Pacific Region, and changes/improvements to the system to meet Australian needs and interests.</p> <p>Quantity</p> <p>* Extent of IP research supported. * Number of Advisory Council on Intellectual Property (ACIP) and Professional Standards Board (PSB) meetings supported. * Number of submissions, draft bills and regulations, briefs and ministerial responses prepared. * Extent of involvement in bilateral agreements and at international fora.</p> <p>Price Cost of output \$5.383m</p>

## **Section 3: Budgeted financial statements**

Revisions to the budgeted departmental and administered financial statements for IP Australia since the 2005-06 Portfolio Budget Statements are presented in this section.

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

#### **Departmental**

IP Australia is budgeting for an operating surplus of \$4.1m for 2005-06, compared to a surplus of \$8m for 2004-05. Budget changes since the Portfolio Budget Statements are minimal and are summarised as follows:

- increased appropriation funding for notional interest on the IP Australia Special Account of \$0.299m,
- increased appropriation funding for the new measure Australia-China Free Trade Agreement – negotiation of \$0.536m (2005-06 and 2006-07 increasing by \$0.268m each), and
- increased expenses of \$0.268m in both 2005-06 and 2006-07, relating to work carried out in respect of the new measure Australia-China Free Trade Agreement – negotiation.

There is no change to administered activity for 2005-06 since the Portfolio Budget Statements.

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

This statement provides a picture of the expected financial results for IP Australia by identifying full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.

Since the 2005-06 Portfolio Budget Statements there was a total increase to appropriation revenue of \$0.567m. There was an increase to employee and supplier expenses of \$0.111m and \$0.157m respectively. This resulted in a change to the estimated operating surplus for 2005-06 from \$3.783m to \$4.082m.

**Budgeted departmental balance sheet**

This statement shows the financial position of IP Australia. It helps decision-makers to track the management of assets and liabilities.

Since the 2005-06 Portfolio Budget Statements there was an increase to Other Receivables of \$0.299m and a corresponding increase to the accumulated surplus. There were also changes to Other Receivables and Equity to reflect actual opening balances.

**Budgeted departmental statement of cash flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Since the 2005-06 Portfolio Budget Statements there was an increase to Cash Received from Appropriations of \$0.567 and an increase to cash used by operating activities of \$0.828m.

**Departmental statement of changes in equity — summary of movement**

This schedule has been included for the first time and shows an analysis of budgeted equity using 2004-05 actuals as the opening balance position.

**Departmental capital budget statement**

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

There have been no changes since the 2005-06 Portfolio Budget Statements.

**Departmental property, plant, equipment and intangibles — summary of movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year. There have been no changes since the 2005-06 Portfolio Budget Statements.

**Schedule of administered activity**

**Schedule of budgeted income and expenses administered on behalf of government**

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

There have been no changes since the 2005-06 Portfolio Budget Statements.

**Schedule of budgeted assets and liabilities administered on behalf of government**

This schedule has been omitted, as there are no assets or liabilities administered on behalf of Government.

**Schedule of budgeted administered cash flows**

This shows cash flows administered on behalf of Government.

There have been no changes since the 2005-06 Portfolio Budget Statements.

**Schedule of administered capital budget**

This schedule has been omitted, as there is no capital administered on behalf of Government.

**Schedule of administered property, plant, equipment and intangibles — summary of movement**

This schedule has been omitted, as there are no administered non-financial assets.

## BUDGETED FINANCIAL STATEMENTS

**Table 3.1: Budgeted departmental income statement (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	1,738	2,317	2,107	1,901	1,890
Goods and services	100,605	105,100	109,716	112,067	115,956
Other	1,974	186	190	195	199
<b>Total revenue</b>	<b>104,317</b>	<b>107,603</b>	<b>112,013</b>	<b>114,163</b>	<b>118,045</b>
<b>Gains</b>					
Net gains from sale of assets	88	-	-	-	-
<b>Total gains</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>104,405</b>	<b>107,603</b>	<b>112,013</b>	<b>114,163</b>	<b>118,045</b>
<b>EXPENSE</b>					
Employees	60,527	66,508	68,447	71,172	76,871
Suppliers	27,790	29,585	30,290	30,836	31,587
Depreciation and amortisation	6,979	7,291	8,012	8,218	9,174
impairment of assets	487	-	-	-	-
Net losses from sale of assets	615	60	60	60	60
Other	-	77	78	80	82
<b>Total expenses</b>	<b>96,398</b>	<b>103,521</b>	<b>106,887</b>	<b>110,366</b>	<b>117,774</b>
<b>Operating result from continuing operations</b>	<b>8,007</b>	<b>4,082</b>	<b>5,126</b>	<b>3,797</b>	<b>271</b>
<b>Operating result</b>	<b>8,007</b>	<b>4,082</b>	<b>5,126</b>	<b>3,797</b>	<b>271</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>8,007</b>	<b>4,082</b>	<b>5,126</b>	<b>3,797</b>	<b>271</b>

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,761	1,500	1,500	1,500	1,500
Receivables	40,638	39,528	40,505	42,555	40,400
<b>Total financial assets</b>	<b>42,399</b>	<b>41,028</b>	<b>42,005</b>	<b>44,055</b>	<b>41,900</b>
<b>Non-financial assets</b>					
Land and buildings	4,731	3,904	3,106	2,954	2,593
Infrastructure, plant and equipment	4,008	3,852	4,424	4,850	5,159
Intangibles	21,792	24,705	29,674	31,654	34,249
Other	1,407	1,515	1,550	1,586	1,623
<b>Total non-financial assets</b>	<b>31,938</b>	<b>33,976</b>	<b>38,754</b>	<b>41,044</b>	<b>43,624</b>
<b>Total assets</b>	<b>74,337</b>	<b>75,004</b>	<b>80,759</b>	<b>85,099</b>	<b>85,524</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
<b>Total interest bearing liabilities</b>	-	-	-	-	-
<b>Provisions</b>					
Employees	19,599	18,792	19,332	19,759	19,773
<b>Total provisions</b>	<b>19,599</b>	<b>18,792</b>	<b>19,332</b>	<b>19,759</b>	<b>19,773</b>
<b>Payables</b>					
Suppliers	2,172	4,036	4,128	4,224	4,322
Other	16,132	11,660	11,657	11,677	11,719
<b>Total payables</b>	<b>18,304</b>	<b>15,696</b>	<b>15,785</b>	<b>15,901</b>	<b>16,041</b>
<b>Total liabilities</b>	<b>37,903</b>	<b>34,488</b>	<b>35,117</b>	<b>35,660</b>	<b>35,814</b>
<b>EQUITY*</b>					
Contributed equity	5,250	5,250	5,250	5,250	5,250
Reserves	2,257	2,257	2,257	2,257	2,257
accumulated deficits	28,927	33,009	38,135	41,932	42,203
<b>Total parent entity interest</b>	<b>36,434</b>	<b>40,516</b>	<b>45,642</b>	<b>49,439</b>	<b>49,710</b>
<b>Total equity</b>	<b>36,434</b>	<b>40,516</b>	<b>45,642</b>	<b>49,439</b>	<b>49,710</b>
<b>Current assets</b>	<b>43,806</b>	<b>42,707</b>	<b>45,752</b>	<b>48,048</b>	<b>48,273</b>
<b>Non-current assets</b>	<b>30,531</b>	<b>32,297</b>	<b>35,007</b>	<b>37,051</b>	<b>37,251</b>
<b>Current liabilities</b>	<b>21,419</b>	<b>19,772</b>	<b>20,133</b>	<b>20,444</b>	<b>20,532</b>
<b>Non-current liabilities</b>	<b>16,484</b>	<b>14,716</b>	<b>14,984</b>	<b>15,216</b>	<b>15,282</b>

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	99,643	107,269	110,082	112,440	116,337
Appropriations	1,738	2,317	2,107	1,901	1,890
Other	2,916	2,776	2,852	2,916	2,985
<b>Total cash received</b>	<b>104,297</b>	<b>112,362</b>	<b>115,041</b>	<b>117,257</b>	<b>121,212</b>
<b>Cash used</b>					
Employees	59,704	66,960	68,799	71,635	74,782
Suppliers	27,434	31,873	32,467	33,058	33,828
Other	13,000	3,690	1,019	2,090	885
<b>Total cash used</b>	<b>100,138</b>	<b>102,523</b>	<b>102,285</b>	<b>106,783</b>	<b>109,495</b>
<b>Net cash from or (used by) operating activities</b>	<b>4,159</b>	<b>9,839</b>	<b>12,756</b>	<b>10,474</b>	<b>11,717</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property,	88	-	-	-	-
<b>Total cash received</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	2,811	2,300	3,463	3,379	3,202
Other	5,725	7,800	9,293	7,095	8,515
<b>Total cash used</b>	<b>8,536</b>	<b>10,100</b>	<b>12,756</b>	<b>10,474</b>	<b>11,717</b>
<b>Net cash from or (used by) investing activities</b>	<b>(8,448)</b>	<b>(10,100)</b>	<b>(12,756)</b>	<b>(10,474)</b>	<b>(11,717)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	1,378	-	-	-	-
<b>Total cash received</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(2,911)</b>	<b>(261)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	4,672	1,761	1,500	1,500	1,500
<b>Cash at the end of the reporting period</b>	<b>1,761</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>				
Balance carried forward from previous period	28,927	2,257	5,250	36,434
Adjustment for changes in accounting policies				
<b>Adjusted opening balance</b>	<b>28,927</b>	<b>2,257</b>	<b>5,250</b>	<b>36,434</b>
Net operating result	4,082	-	-	4,082
<b>Total income and expenses recognised directly in equity</b>	<b>4,082</b>	<b>-</b>	<b>-</b>	<b>4,082</b>
<b>Closing balance as at 30 June 2006</b>	<b>33,009</b>	<b>2,257</b>	<b>5,250</b>	<b>40,516</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
<i>Total capital appropriations</i>	-	-	-	-	-
<b>Represented by:</b>					
<i>Total represented by</i>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally by					
Departmental resources	8,536	10,100	12,756	10,474	11,717
<b>Total</b>	<b>8,536</b>	<b>10,100</b>	<b>12,756</b>	<b>10,474</b>	<b>11,717</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Buildings \$'000	Other infrastructure plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2005</b>				
Gross book value	-	-	-	-
Accumulated depreciation	-	-	-	-
<b>Opening net book value</b>	<b>4,973</b>	<b>3,874</b>	<b>20,805</b>	<b>29,651</b>
Additions:				
by purchase	120	2,180	7,800	10,100
Depreciation/amortisation expense	1,189	2,202	3,900	7,291
<b>As at 30 June 2006</b>				
Gross book value	5,093	6,054	28,605	39,751
Accumulated depreciation	1,189	2,202	3,900	7,291
<b>Closing net book value</b>	<b>3,904</b>	<b>3,852</b>	<b>24,705</b>	<b>32,460</b>

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
<i>Total taxation</i>	-	-	-	-	-
<b>Non-taxation</b>					
<i>Total non-taxation</i>	-	-	-	-	-
<b>Total revenues administered on behalf of Government</b>	-	-	-	-	-
<b>Gains</b>					
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	-	-	-	-	-
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Suppliers</b>					
	30	72	74	77	77
<b>Losses</b>					
<b>Total expenses administered on behalf of Government</b>	<b>30</b>	<b>72</b>	<b>74</b>	<b>77</b>	<b>77</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

There are no assets or liabilities administered by IP Australia on Behalf of Government.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	Actual 2004-05 \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
Cash received					
<b>Total cash received</b>	-	-	-	-	-
Cash used					
Suppliers	60	72	74	77	77
<b>Total cash used</b>	60	72	74	77	77
<b>Net cash from or (used by) operating activities</b>	<b>(60)</b>	<b>(72)</b>	<b>(74)</b>	<b>(77)</b>	<b>(77)</b>
<b>INVESTING ACTIVITIES</b>					
Cash received					
<b>Total cash received</b>	-	-	-	-	-
Cash used					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
Cash received					
<b>Total cash received</b>	-	-	-	-	-
Cash used					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) financing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>	<b>(60)</b>	<b>(72)</b>	<b>(74)</b>	<b>(77)</b>	<b>(77)</b>
Cash from Official Public Account for:					
- appropriations	60	72	74	77	77
<b>Cash at end of reporting period</b>	-	-	-	-	-

## **NOTES TO THE FINANCIAL STATEMENTS**

The Analysis of Budgeted Financial Statements at pages 54 to 63 provides an overview of the key elements of IP Australia's financial statements, including variations in major aggregates from 2004-05 to 2005-06.

The IP Australia budget statements are prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

## GLOSSARY

Accrual Accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated Depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered Items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies 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.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. 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 agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF). The CRF is not a bank account. The Official Public Account reflects most of the operations of the CRF.

## *Glossary*

Departmental items	Assets, liabilities, revenues and expenses that are controlled by the agency 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	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.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes Price, Quality and Quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
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.

Intermediate outcomes	More specific medium-term impacts (eg. trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (See outcomes)
Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Output Groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.

*Glossary*

Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF), that are supported by standing appropriations (Financial Management and Accountability (FMA) Act 1997, ss.20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (s.20 FMA Act) or through an Act of Parliament (referred to in s.21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year. Standing appropriations are a sub-category consisting of ongoing special appropriations — the amount appropriated will depend on circumstances specified in the legislation.