

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT – AUSAID

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AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT – AUSAID

Section 1: Agency overview

AusAID advances Australia's national interest by assisting developing countries, through the aid programme, to reduce poverty and achieve sustainable development. In 2005-06, the aid programme will continue to help build a secure, prosperous and democratic Asia-Pacific region and contribute to global efforts to reduce poverty.

The aid programme contributes to whole-of-government efforts to promote sustainable economic growth and address instability and poor governance in the region. Key themes guiding the programme include promoting improved governance, assisting countries to access and maximise the benefits from trade and new information technologies, supporting stability through improved delivery of basic services, strengthening regional security and promoting sustainable resource management. Australia will also continue to work with regional organisations and international partners to address issues that impact on regional growth, in particular trade liberalisation, regional economic integration, and countering the risk of terrorism and other transboundary challenges. The aid programme will also continue to provide generous and effective humanitarian and reconstruction assistance.

An additional Outcome has been created to cover the new \$1 billion appropriation and subsequent expenditure for the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD), created following the 26 December 2004 Indian Ocean disaster. This will increase Australia's assistance to Indonesia to approximately \$1.8 billion over five years.

Through the AIPRD, Australia will build a closer partnership with Indonesia to support recovery and reconstruction. The AIPRD will help rebuild livelihoods and shattered communities, and also provide assistance for Indonesia’s longer-term development, particularly programmes of reform and capacity building. The \$1 billion¹ commitment consists of \$500 million in grants and \$500 million in highly concessional loans and will complement Australia’s ongoing programme of assistance to Indonesia.

Table 1.1: Agency outcomes and outputs

Outcome	Description	Output
Outcome 1		
Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development	Promotion of sustainable development and poverty reduction in developing countries, particularly in the Asia-Pacific region.	Output 1.1 Policy Output 1.2 Programme Management
Outcome 2		
Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development	To support Indonesia's reconstruction and development efforts, both in and beyond tsunami affected areas, through long-term cooperation, focused on assistance for economic and social development projects and Indonesia's programmes of reform and democratisation.	Output 2.1 Australia-Indonesia Partnership for Reconstruction and Development Management

¹ AusAID received the \$1 billion appropriation through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2004.

Section 2: Agency resources for 2005-06

2.1: APPROPRIATIONS AND OTHER REVENUE

Table 2.1 shows the total resources from all origins for 2005-06, including appropriations. The table summarises how revenue will be applied by outcome, administered and departmental classification.

The total appropriation for AusAID in the 2005-06 Budget is \$1,633.5 million¹.

¹ This amount relates to Appropriation Bill No. 1 (Departmental and Administered). In addition to this are Departmental and Administered capital injection cash drawdowns without corresponding expenses totalling \$35.9 million.

Table 2.1: Appropriations and other revenue 2005–06¹ ('000)

Outcome	Appropriations					Revenue from other sources ⁵		Total resources ⁷
	\$'000	\$'000	\$'000	\$'000	% ⁶	\$'000	% ⁶	\$'000
	Bill No. 1	Bill No. 2 ²	Special approp ³	Total approp ⁴				
Outcome 1								
Administered	1,553,015	0	0	1,553,015		2,453		1,555,468
Departmental	74,462	0	0	74,462	99.56%	329	0.44%	74,791
Total outcome 1	1,627,477	0	0	1,627,477		2,782	0	1,630,259
Outcome 2								
Administered	2,109	0	0	2,109		0		2,109
Departmental	3,913	0	0	3,913	100.00%	0		3,913
Total outcome 2	6,022	0	0	6,022		0	0	6,022
Total agency								
Administered	1,555,124	0	0	1,555,124		2,453		1,557,577
Total agency		0	0					
Departmental	78,375	0	0	78,375	99.58%	329	0.44%	78,704
Total agency	1,633,499	0	0	1,633,499		2,782	0	1,636,281
Departmental capital (equity injections)		1,560						
Administered assets and liabilities	34,382							
Total resources	1,672,223							

- 1 This table has been redesigned to correspond with Budget Paper No. 4 'Agency Resourcing'. It now includes (where appropriate) administered revenue from other sources.
 - 2 Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
 - 3 Estimated expenses from individual Special Appropriations are shown at Section 3, Tables 3.1, etc.
 - 4 Total appropriations = Bill No. 1 + Bill No. 2 + Special appropriations.
 - 5 Revenue from other sources includes FMA s.31 revenues, special accounts (non-appropriation revenues) and resources received free of charge.
 - 6 Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (Departmental) to the total price of outputs, by outcome.
 - 7 Total resources = Total appropriations + Revenue from other sources.
- Note: Refer to Budgeted statement of financial performance for application of agency revenue.

2.2: 2005-06 BUDGET MEASURES

Budget measures relating to AusAID as explained in Budget Paper No.2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: AusAID measures

Measure	Outcome	Outputs affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2005-06 (\$'000)			2006-07 (\$'000)			2007-08 (\$'000)			2008-09 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Providing for Australia's Security - Australian overseas diplomatic missions - improved security - expense	1	1 & 2	0	0.006	0.006	0	0.075	0.075	0	0	0	0	0	0
Providing for Australia's Security - Australian overseas diplomatic missions - improved security - capital	1	1 & 2	0	0.060	0.060	0	0.349	0.349	0	0	0	0	0.921	0.921
Australian Agency for International Development central office fitout (capital)	1	2	0	1,500	1,500	0	6,000	6,000	0	0.200	0.200	0	0	0
Australian Youth Ambassadors for Development ¹	1		0	0	0	0	0	0	0	0	0	0	0	0
Australian tsunami warning system - Indian and Pacific oceans ²	1		0	0	0	0	0	0	0	0	0	0	0	0

Table 2.2: AusAID measures (continued)

Measure	Outcome	Outputs affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2005-06 (\$'000)			2006-07 (\$'000)			2007-08 (\$'000)			2008-09 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Iraq - reconstruction assistance	1	1 & 2	21,640	0.860	22,500	21,620	0.878	22,498	0	0	0	0	0	0
Regional Assistance Mission to Solomon Islands (RAMSI)	1	1 & 2	70,000	2,181	72,181	71,500	2,306	73,806	67,400	2,373	69,773	64,200	2,202	66,402
Heavily Indebted Poor Countries Initiative	1		11,490	0	11,490	11,490	0	11,490	11,840	0	11,840	0	0	0

1. This measure is being fully absorbed from within the Global Aid Budget
2. This measure is being fully absorbed from within the Global Aid Budget

2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used and includes FMA s.31 receipts, special accounts and resources received free of charge.

Table 2.3: Other receipts available to be used

	Estimated receipts 2004-05	Budget estimate 2005-06
	\$'000	\$'000
Outcome 1		
Departmental other receipts²		
Sale of Goods and Services	252	254
Resources received free of charge	75	75
Total departmental other receipts available to be used	327	329
Administered other receipts		
Other non-taxation revenue ³	2,336	2,453
Total administered other receipts available to be used	2,336	2,453

1. This table replaces the former table 'Receipts from independent sources'. It represents own source receipts available for spending on departmental purposes.
2. All Departmental other receipts are used for AusAID's Outcome 1 (Table 3.1 refers)
3. Other non taxation revenue refers to unused funds returned from contractors and non-government organisations and taxation paid to partner governments and returned to AusAID, which were appropriated in former years.

AusAID does not have any cost recovery arrangements in place. Accordingly, none of the Departmental other receipts included in Table 2.3 above, are due to cost recovery arrangements.

2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004-05 TO 2005-06

AusAID did not move administered funds from 2004-05 to 2005-06.

2.5: SPECIAL APPROPRIATIONS

AusAID has no expenses or cash drawdowns associated with special appropriations.

2.6: SPECIAL ACCOUNTS

Table 2.6: Estimates of special account flows and balances

		Opening balance 2005-06 2004-05	Receipts 2005-06 2004-05	Payments 2005-06 2004-05	Adjustments 2005-06 2004-05	Closing balance 2005-06 2004-05
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Governments and Non-Agency Bodies (A) -	1	427	1,795	1,795	0	427
<i>Financial Management and Accountability Act 1997 s.20</i>		1,672	550	1,795	0	427
Australia Indonesia Partnership for Reconstruction and Development (Grants) Special Account (A)	2	490,000	0	115,000	0	375,000
<i>Financial Management and Accountability Act 1997 s.20</i>		0	500,000	10,000	0	490,000
Australia Indonesia Partnership for Reconstruction and Development (Loans) Special Account (A)	2	500,000	0	15,000	0	485,000
<i>Financial Management and Accountability Act 1997 s.20</i>		0	500,000	0	0	500,000
Total special accounts						
2005-06 Budget estimate		990,427	0	131,795	0	860,427
Total Special Accounts						
2004-05 estimate actual		1,672	1,000,550	11,795	0	990,427

Note: The two special accounts for the Australia–Indonesia partnership for reconstruction and development were created to receive the \$1 billion appropriation which was received through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2005.

2.7: ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

In 2005–06 the aid budget will have a negative equity position for administered items, due to multiyear agreements entered into prior to the introduction of accrual budgeting in 1999–2000. These commitments relate to multilateral replenishments for institutions such as the Asian Development Fund (ADF) and the International Development Association (IDA).

AusAID will receive an administered capital cash injection of \$34.4 million in 2005–06 to meet obligations relating to multiyear liabilities that were in existence prior to the change to accrual budgeting, as reflected in Table 2.1.

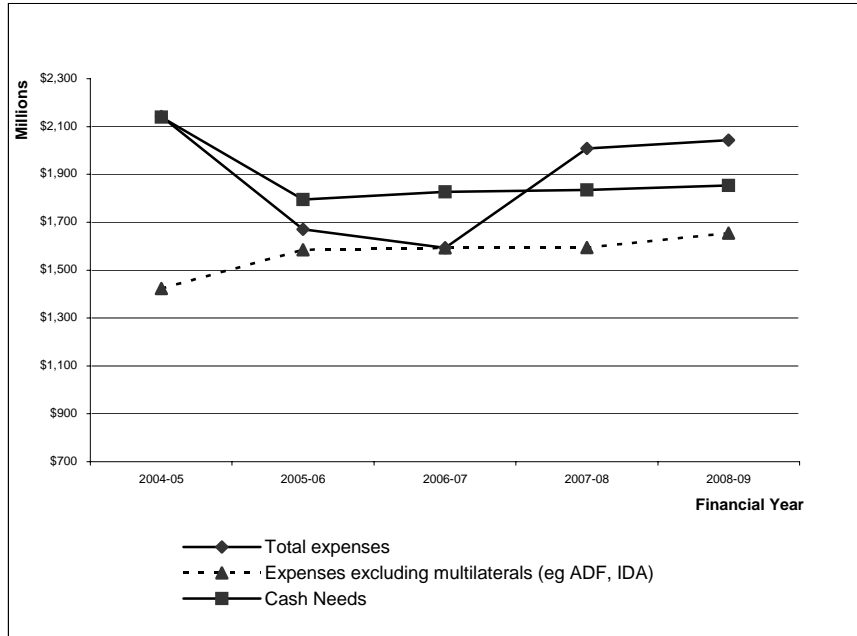
Under current accounting treatment, these commitments are recorded as an expense (and liability) in the year the agreement is entered into, not when the cash payments fall due, which can be spread over a period of up to ten years. This means that in any given year the relationship between AusAID’s cash needs, which are predicted to remain steady, and AusAID’s expenses can vary considerably. This is shown in Chart 1 below.

In 2005–06, new multiyear agreements totalling approximately \$84.7 million are expected to be entered into for the fourth replenishment of the Global Environment Fund (GEF 4) and the sixth replenishment of the Montreal Protocol Multilateral Fund (MPMF 6).

AusAID will make cash payments against existing multiyear agreements of approximately \$177.2 million.

In 2005–06 AusAID will receive departmental capital injections of \$1.5 million relating to AusAID’s central office fitout and \$0.060 million relating to Providing for Australia’s security – Australian overseas diplomatic missions – improved security (see Table 2.1 for detail).

Chart 1: Estimated expense and cash needs for administered items in the aid programme (\$ millions)



Section 3: Agency Outcomes

This section explains how the resources identified in Section 2 will be used to deliver the Outputs and Administered items that contribute to the 2 Outcomes for AusAID.

3.1: SUMMARY OF OUTCOMES, OUTPUTS AND ADMINISTERED ITEMS

The relationship between activities of AusAID and the Outcomes is summarised in Figure 4.

Output cost attribution

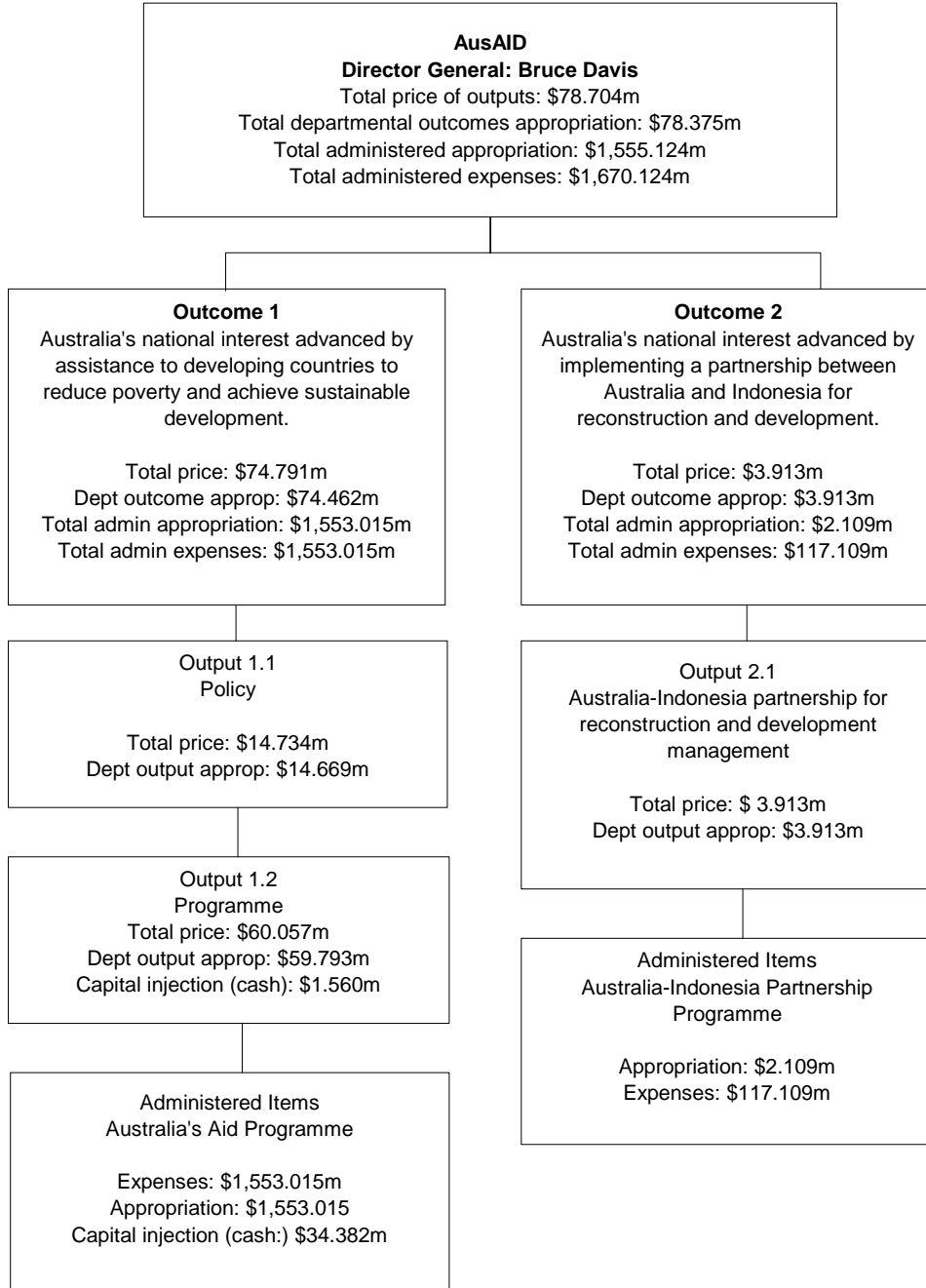
AusAID allocates resources to Outputs based on an output costing usage survey.

Changes to Outcomes and Outputs

Since the 2004–05 Portfolio Budget Statements were tabled, AusAID has created a new Outcome and Output. This new Outcome has been created to cover the implementation of the Australian Government's \$1 billion³ commitment over five years to the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) together with administrative costs directly related to the AIPRD.

³ AusAID received the \$1 billion appropriation through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2004.

Figure 4: Outcomes and outputs and administered items

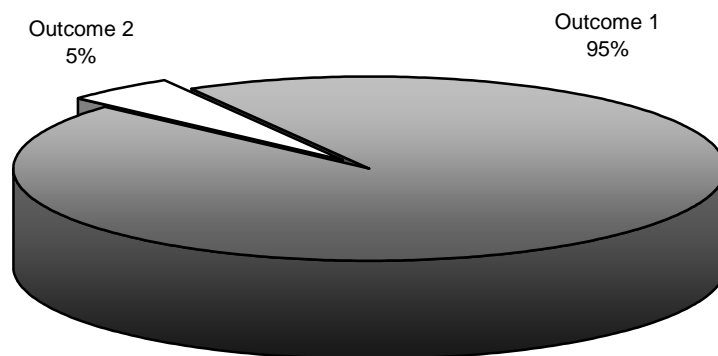


3.2: OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by Outcome

Figure 5 shows Departmental appropriations by Outcome for 2005-06.

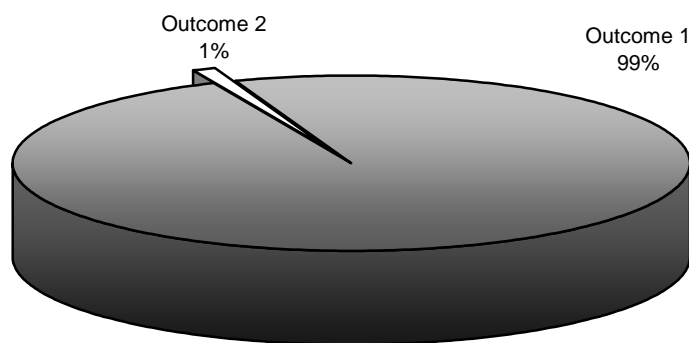
Figure 5: Departmental appropriations by Outcome, 2005-06



Administered appropriations by Outcome

Figure 6 shows Administered appropriations by Outcome for 2005-06.

Figure 6: Administered appropriations by Outcome, 2005-06



3.3: OUTCOMES RESOURCING

Outcome 1 resourcing

Table 3.1 shows how the 2005–06 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
Administered appropriations		
Total administered appropriations	2,127,816	1,553,015
Departmental appropriations		
Output 1.1 - Policy		
Subtotal Output 1.1	14,471	14,669
Departmental appropriations		
Output 1.2 - Programme Management		
Subtotal Output 1.2	58,984	59,793
Total revenue from government (appropriations)	73,455	74,462
Contributing to price of departmental outputs	99.6%	99.6%
Revenue from other sources		
Sale of Goods and Services	252	254
Resources received free of charge	75	75
Total revenue from other sources	327	329
Total price from departmental outputs (Total revenue from government and from other sources)	73,782	74,791
from Special Accounts (estimated payments from Special Account balances)²		
Services for Other Governments and Non-Agency Bodies - <i>Financial Management and Accountability Act 1997 s. 20</i>	1,795	1,795
Total administered Special Account outflows	1,795	1,795
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	2,201,598	1,627,806
	2004-05	2005-06
Average staffing level (number)	491	463

1 Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2 Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

3 Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

Measures affecting Outcome 1⁴

- Providing for Australia's Security – Australian overseas diplomatic missions – improved security⁵
- Iraq – reconstruction assistance⁶
- Australian Agency for International Development central office fitout⁷
- Heavily Indebted Poor Countries Initiative⁸
- Regional Assistance Mission to Solomon Islands (RAMSI)⁹
- Australian Youth Ambassadors for Development¹⁰
- Australian tsunami warning system – Indian and Pacific Oceans¹¹

Further details of the above measures may be found in Budget Paper No. 2.

⁴ This relates to measures disclosed in the 2005-06 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook 2004-05* (MYEFO)).

⁵ AusAID will receive \$2.14 million under this measure (see Table 2.2).

⁶ AusAID will receive \$44.9 million under this measure (see Table 2.2).

⁷ AusAID will receive \$7.7 million in capital under this measure (see Table 2.2).

⁸ AusAID will receive \$34.8 million under this measure (see Table 2.2).

⁹ AusAID will receive \$282.2 million under this measure (see Table 2.2).

¹⁰ AusAID is absorbing this measure from existing resources in the Global Aid Budget.

¹¹ AusAID is absorbing this measure from existing resources in the Global Aid Budget.

Outcome 1 – Contribution of Outputs

AusAID's Outputs of policy and programme management reflect the Government's decision to provide effective assistance, in partnership with developing countries, to reduce poverty and achieve sustainable development. AusAID provides policy advice and analysis to the Government on international development issues, to enable informed decisions in the national interest. AusAID also manages, monitors and provides advice on aid programmes, which are implemented in accordance with the priorities and policies of the Government and partner countries.

Performance information for Outcome 1

Table 3.2, below, describes the performance information framework that AusAID will use to assess its contribution to the achievement of Outcome 1 during 2005–06. The performance information framework will measure the efficiency and effectiveness of outputs in contributing to Outcome 1, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in AusAID's 2005–06 Annual Report.

Table 3.2: Performance information for Outcome 1

Effectiveness - Overall achievement of the Outcome -	
(Measures, indicators and targets used as appropriate)	
AusAID's administered expenses will be allocated to activities aimed at advancing the national interest by reducing poverty and achieving sustainable development.	
There are five guiding themes that link poverty reduction with our individual aid activities and which in turn relate to core national interest issues:	
Governance - Promoting improved governance across all areas of partner governments and strengthening democratic processes;	
Globalisation - Assisting developing countries to access and maximise the benefits from trade and new information technologies;	
Human Capital - Supporting stability and government legitimacy through improved delivery of basic services;	
Security - Strengthening regional security by enhancing partner government's capacity to prevent conflict, enhance stability and manage transboundary challenges; and	
Sustainable Resource Management - Promoting sustainable approaches to the management of the environment and the use of scarce natural resources.	
Quality: 75 per cent of activities overall receiving a satisfactory overall or higher.	
Quantity: Total estimated expenditure; significant activity outputs within guiding themes	
Performance indicators for administered items including third party outputs	
Country and Regional Programmes	Quality: 75 per cent of activities receive quality ratings of satisfactory or higher.
	Quantity: significant activity outputs.

Table 3.2: Performance information for Outcome 1 (continued)

Multilateral Organisations	<p>Quality: 75 per cent of organisations receive a rating of satisfactory overall or higher in terms of efficiency.</p> <p>Quantity: significant activity outputs.</p>
Emergency, Humanitarian, and Refugee Programmes	<p>Quality: 75 per cent of humanitarian and emergency activities receive a quality rating of satisfactory or higher.</p> <p>Quantity: significant activity outputs.</p>
Information, Education and Communication Programmes	<p>Quality: effective programmes which ensure the aid programme remains identifiably Australian, supports the Government's communications on the aid programme with the Parliament and community and enhances community understanding of the aid programme.</p> <p>Quantity: significant activity outputs:</p> <ul style="list-style-type: none"> - number of teachers participating in development education training - number of curriculum documents purchased by target groups; - average monthly number of hits on the internet sites.
Performance indicators for individual outputs	
Output 1.1 Policy	
Output 1.1	<p>Quality: Ministerial/Parliamentary Secretary satisfaction.</p> <p>Quantity: number of submissions or briefs; questions on notice; PPQ's; submissions to Parliamentary Committees; correspondence; press releases; speeches; number of programme strategies prepared or reviewed.</p> <p>Price: \$14.73 million</p>
Output 2.1 Programme Management	
Output 2.1	<p>Quality: - all major programmes carried out in partnership with key stakeholders;</p> <ul style="list-style-type: none"> - continuous improvement of tools and processes to ensure management of a high quality programme that reflects Government priorities; - continuous improvement in contracting processes and capabilities; number of contracts terminated or subject to litigation or serious disputation. <p>Quantity: number of activities; number of new contracts signed and ongoing contracts managed; total funds expensed under the programme.</p> <p>Price: \$60.06 million</p>

Evaluations for Outcome 1

AusAID's quality framework, incorporating the evaluation program, aims to improve the quality and impact of the Australian aid programme and also fulfils a vital accountability function in reporting to the Government, Parliament and the public. In 2005–06 the focus will be on:

- assessing aid effectiveness through a programme of reviews and evaluations;
- reinforcing AusAID's performance information system through the introduction of improved monitoring and reporting tools;
- engaging in dialogue and joint activities with other donors aimed at improving donor harmonisation and aid effectiveness; and
- strengthening agency guidance on developing and implementing new forms of aid.

In 2005–06 Internal Audit will continue the transition from its traditional focus on compliance work to more strategic analysis of key areas of risk, fraud and performance.

3.4 Administration and delivery of the aid programme

The nature of the development challenges facing the Asia-Pacific region, in particular governance and security issues, and the Government's approach to addressing development in a holistic way, has seen the development of innovative modes of delivery for the aid programme.

AusAID utilises external expertise to assist in the administration and delivery of all aspects of the aid programme. This expertise is sourced through a range of approaches including strategic partnerships with Government agencies and Non-Government Organisations, other donors and multilaterals and competitive public tendering.

In 2005–06 AusAID will continue improvements and innovations in AusAID's approach to delivering the aid programme. These improvements include further trialling of partnering approaches and innovative approaches to tender assessment, streamlining contracting processes and facilitating implementation of the Government's new policy of untying aid to recipient country firms.

Outcome 2 resourcing

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

Table 3.1: Total resources for Outcome 2 (\$'000)

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
Administered appropriations		
Total administered appropriations	1,000,830	2,109
to Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account - s20 FMA Act 1997 ¹	500,000	0
to Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account - s20 FMA Act 1997 ¹	500,000	0
Total administered appropriations	1,000,830	2,109
Departmental appropriations		
Output 2.1 - Australia Indonesia partnership for reconstruction and development management		
Subtotal Output 2.1	1,632	3,913
Total revenue from government (appropriations)	1,632	3,913
Contributing to price of departmental outputs	100%	100%
Revenue from other sources		
Total revenue from other sources	0	0
Total price from departmental outputs (Total revenue from government and from other sources)	1,632	3,913
from Special Accounts (estimated payments from Special Account balances)²		
Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account - s20 FMA Act 1997 ³	10,000	115,000
Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account - s20 FMA Act 1997 ³	0	15,000
Total Administered Special Account outflows	10,000	130,000
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	1,002,462	6,022
	2004-05	2005-06
Average staffing level (number)	17	19

1 Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2 Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from the special accounts for outcome 2 do form part of the total estimated resourcing.

3 Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

Outcome 2 – Contribution of Outputs

AusAID's new Outcome reflects the Government's commitment to the Australia – Indonesia Partnership for Reconstruction and Development. Activities under the Partnership will be funded by a \$1 billion¹² package comprising a \$500 million grant aid programme and \$500 million in highly concessional loans. Loan programme features, management and implementation will be addressed in a Government-to-Government agreement currently being developed.

Performance information for Outcome 2

Table 3.2, below, describes the performance information framework that AusAID will use to assess its contribution to the achievement of Outcome 2 during 2005–06. The performance information framework will measure the efficiency and effectiveness of the Outputs in contributing to Outcome 2, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in AusAID's 2005–06 Annual Report.

A Joint Commission is the peak decision-making body of the Partnership. The Commission's work is jointly overseen by the Heads of Government of Australia and Indonesia. Membership of the Commission comprises the Foreign Ministers of both Australia and Indonesia as well as economic ministers from each country. The principal mandate of the Joint Commission is to set broad strategic directions for the Partnership. It also establishes key priorities for funding, determines and reviews annual work programmes and agrees on major activities.

Table 3.2: Performance information for Outcome 2

<p>Effectiveness - Overall achievement of the Outcome - (Measures, indicators and targets used as appropriate)</p> <p>AusAID's administered expenses for Outcome 2 will be allocated to activities aimed at supporting Indonesia's reconstruction and development efforts, both in and beyond tsunami affected areas through sustained cooperation focused on the Indonesian Government's programmes of reform, with an emphasis on economic and social development.</p> <p>As agreed at the first Joint Commission meeting, there are eight guiding principles which will inform the work undertaken through the Partnership. The Partnership will:</p> <ul style="list-style-type: none">demonstrate Australia and Indonesia's shared interest in a strong, stable and prosperous Indonesian economy and society;recognise the Government of Indonesia's responsibility for setting the priorities for national social and economic development and reform;take account of the special characteristics and needs of tsunami-affected areas and those of other areas of Indonesia;support Indonesia's development efforts;

¹² AusAID received the \$1 billion appropriation through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2004.

Table 3.2: Performance information for Outcome 2 (continued)

<p>focus on areas where Australia has a comparative advantage in expertise and the delivery of reconstruction and development assistance with special emphasis on the development of linkages between Australian Government agencies and institutions and their Indonesian counterparts as well as the strengthening of people-to-people links;</p> <p>identify activities for funding based on merit according to their relative contribution to recovery and reconstruction as well as longer-term economic and social development, with a special emphasis on human resource development and good governance, both in tsunami-affected and other areas of Indonesia;</p> <p>implement a partnership approach in the joint identification of funding priorities, the joint identification of activities for implementation, and the joint selection of implementing bodies with decision-making based on principles of transparency and accountability, open and competitive tendering and robust performance monitoring and evaluation systems; and</p> <p>coordinate with the activities and planning of other international development partners and, where effective and consistent with the objective of the partnership, utilise a range of international and domestic aid delivery mechanisms, including multilateral agencies and non-governmental organisations.</p>	
<p>Performance indicators for administered items including third party outputs</p>	
<p>Australia-Indonesia Partnership for Reconstruction and Development</p>	<p>Quality: 75 per cent of activities receive quality ratings of satisfactory or higher.</p> <p>Quantity: - significant activity outputs contributing to reconstruction and development in areas on Indonesia affected by the 26 December 2004 tsunami;</p> <p>- significant activity outputs contributing to Indonesia's economic and social development, and supporting the Government of Indonesia's programmes of reform.</p>
<p>Performance indicators for individual outputs</p>	
<p>Output 2.1 Australia-Indonesia Partnership for Reconstruction and Development Management</p>	
<p>Output 2.1</p>	<p>Quality: - all major programmes carried out in partnership with relevant stakeholders;</p> <p>- programme management tools and processes that ensure a high quality programme reflecting the Australia-Indonesia Partnership for Reconstruction and Development priorities;</p> <p>- accountable, open and transparent contracting and tendering processes.</p> <p>Quantity: number of activities; number of competitive tenders let under grants and ongoing contracts managed; number of tender/contractual disputes.</p>
<p>Price: \$3.91 million</p>	

Section 4: Other reporting requirements

4.1: PURCHASER-PROVIDER ARRANGEMENTS

Cross agency overview

The Australian Agency for International Development (AusAID) purchases services from the Department of Foreign Affairs and Trade (DFAT):

- under the Service Level Agreement (SLA) for overseas missions and the Information Technology Memorandum of Understanding (ITMOU);
- for routine operating expenses at overseas missions;
- for residential and office accommodation at overseas missions;
- for information technology infrastructure support;
- for telecommunications at overseas missions; and
- for secure network services.

AusAID provides payroll services to the Australian Centre for International Agricultural Research (ACIAR).

4.2: COST RECOVERY ARRANGEMENTS

Summary of cost recovery impact statement

AusAID has no cost recovery arrangements in place as defined in Finance Circular 2002/02 issued by the Department of Finance and Administration.

4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Please refer to Portfolio Table 1, p. 9.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Statement of Financial Performance

AusAID is budgeting for a zero operating result for 2005–06. The estimated actual operating result for 2004–05 is also expected to be zero.

Total revenue in 2005–06 is estimated to be \$78.6 million, an increase of \$3.3 million from the 2004–05 estimated actual. The increase is primarily due to the regular indexation of the departmental budget in line with economic parameters. However, specific budget measures also contribute to this increase:

- additional funding for management of the new Outcome for the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD);
- additional funding received for the management of Australia’s contribution to Regional Assistance Mission to Solomon Islands (RAMSI);
- additional funding received for the management of Australia’s contribution to Iraq – reconstruction assistance; and
- additional funding received for Providing for Australia’s Security – Australian overseas diplomatic missions – improved security.

Also affecting our estimated revenue is an increase in the efficiency dividend from one percent to one and a quarter percent. This increase in the efficiency dividend affects the financial years 2005–06 to 2007–08. The increased efficiency dividend has been applied cumulatively to the base outlay and all new measures funded from 2005–06 to 2007–08.

Total expenses are estimated to be \$78.6 million, an increase of \$3.3 million from the 2004–05 estimated actual. The increase is primarily due to additional employee expenses for managing new government initiatives including: the new Outcome for AIPRD, Regional Assistance Mission to Solomon Islands, Iraq reconstruction assistance, and increases in employee remuneration as set out in the AusAID Certified Agreement 2003–2006.

Statement of Financial Position

AusAID's budgeted net asset position of \$4.2 million represents an increase of \$1.56 million from the 2004–05 estimated actual net asset position. The increase is attributable to the capital injections that will be received for the new measures for AusAID's central office fitout and Providing for Australia's Security – Australian overseas diplomatic missions – improved security (see Table 2.1).

AusAID's most significant liability continues to be accrued employee entitlements, as a result of accruing leave entitlements, of \$14.2 million. The increase is primarily due to additional employee expenses for managing new government initiatives including: the Management of the Australia–Indonesia Partnership for Reconstruction and Development (AIPRD), Regional Assistance Mission to Solomon Islands, Iraq reconstruction assistance, and increases in employee remuneration as set out in the AusAID Certified Agreement 2003–2006.

Administered

Budgeted Revenues and Expenses

AusAID will receive administered appropriation of \$1,555.1 million for programmes administered on behalf of the Government, representing a decrease of \$577.5 million from the 2004–05 estimated actual. The decrease is largely due to:

- a decrease in grants to multilateral organisations: the fourth replenishment of the Global Environment Fund (GEF 4) and the sixth replenishment of the Montreal Protocol Multilateral Fund (MPMF 6) will be finalised in the 2005–06, whereas in 2004–05 replenishments for the fourteenth replenishment of the International Development Fund (IDA 14) the replenishment of the Heavily Indebted Poor Countries Initiative (HIPC) and the ninth replenishment of the Asian Development Fund (ADF 9) were finalised (see chapter 2.7 for further details).

This is offset by an increase in 'Other Aid Programme' by:

- funding for AusAID's contribution to Regional Assistance Mission to Solomon Islands (RAMSI);
- funding for AusAID's contribution to Iraq reconstruction assistance; and
- Heavily Indebted Poor Countries Initiative.

Administered expenses for grants to multilateral organisations are budgeted at \$201.4 million, a decrease of \$641.4 million from 2004–05 estimated actual. As noted above, this is primarily related to the full expensing of agreements entered into in 2005–06. New multiyear agreements totalling approximately \$84.7 million are

Budgeted financial statements – AusAID

expected to be entered into for GEF 4 (estimated \$71.7 million) and MPMF 6 (estimated \$13.0 million). Cash payments for the MPMF commitment will be made from 2005–06 to 2014–15 with cash payments for GEF 4 commencing in 2006–07 to 2015–16.

See Chart 1 for the impact of these replenishments on expenses versus cash.

Included in administered expenses for grants are the estimated expenses for the grants component of Australia–Indonesia Partnership for Reconstruction and Development (AIPRD). These expenses do not increase our appropriation as the full appropriation was received through the 2004–05 Portfolio Supplementary Additional Estimates Statements.

There are no expenses associated with the loans component of the Australia–Indonesia Partnership for Reconstruction and Development.

Administered expenses for ‘Other Aid Programme’ is budgeted at \$ 1,353.1 million, an increase of \$36.8 million from the 2004–05 estimated actual. This increase is primarily related to:

- additional funding for Regional Assistance Mission to Solomon Islands (RAMSI);
- additional funding for Iraq reconstruction assistance;
- additional funding for the Heavily Indebted Poor Countries Initiative; and
- regular indexation of the administered budget in line with economic parameters.

Budgeted Assets and Liabilities

Total assets are expected to decrease by \$202.1 million to \$2,157.3 million from the 2004–05 estimated actual and total liabilities are expected to decrease by \$121.4 million to \$1,303.4 million. As noted above, AusAID is expecting to finalise agreements for GEF4 and MPMF6 whereas in 2004–05, agreements were finalised for IDA 14, HIPC and ADF 9 (see above), offset by cash payments made under agreements finalised prior to 2005–06, including to other multilateral organisations (eg. International Fund for Agricultural Development).

Budgeted Cash Flows and Capital

Tables 5.8 and 5.9 show significant, although decreasing, capital needs for AusAID's administered items. These relate to the need to extinguish multiyear liabilities incurred prior to the transition to accrual budgeting in 1999–2000. Specifically, these are agreements relating to Australia's contribution to the:

- Asian Development Fund;
- International Development Association;
- International Fund for Agricultural Development; and
- Global Environment Facility.

Included in the notes to financial statements are three explanatory tables that detail:

- The reconciliation of AusAID's expense estimates to Australia's estimated Official Development Assistance (ODA);
- The reconciliation of AusAID's cash estimates to Australia's estimated ODA; and
- The reconciliation of AusAID's expenses estimates to its cash estimates.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from Government	75,087	78,375	74,811	74,828	74,959
Goods and services	252	254	260	229	231
Other	75	75	75	75	75
Revenues from ordinary activities	75,414	78,704	75,146	75,132	75,265
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	48,577	48,731	45,957	46,001	45,924
Suppliers	25,148	25,723	24,411	24,674	25,025
Depreciation and amortisation	1,614	4,175	4,553	4,382	4,240
Write-down of assets and impairment of assets	75	75	225	75	76
Expenses from ordinary activities (excluding borrowing costs expense)	75,414	78,704	75,146	75,132	75,265
Borrowing costs expense	0	0	0	0	0
Operating surplus or (deficit) from ordinary activities	0	0	0	0	0
Gain or (loss) on extraordinary items	0	0	0	0	0
Net surplus or (deficit)	0	0	0	0	0
Outside equity interests in net surplus or (deficit)	0	0	0	0	0
Net surplus or deficit attributable to the Australian Government	0	0	0	0	0
Total changes in equity other than those resulting from transactions with owners as owners	0	0	0	0	0

Table 5.2: Budgeted departmental statement of financial position as at 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	2,031	2,522	2,840	3,450	4,172
Receivables	5,237	5,278	6,178	10,768	13,665
Total financial assets	7,268	7,800	9,018	14,218	17,837
Non-financial assets					
Land and buildings	2,052	3,728	9,809	10,297	10,315
Infrastructure, plant and equipment	2,288	2,160	3,379	2,471	1,446
Intangibles	6,877	6,758	4,850	2,747	828
Other non-financial assets	1,475	1,435	1,427	1,446	1,466
Total non-financial assets	12,692	14,081	19,465	16,961	14,055
Total assets	19,960	21,881	28,483	31,179	31,892
LIABILITIES					
Interest bearing liabilities					
Other interest bearing liabilities	0	0	0	0	0
Total interest bearing liabilities	0	0	0	0	0
Provisions					
Employees	13,457	14,208	14,790	15,624	16,568
Total provisions	13,457	14,208	14,790	15,624	16,568
Payables					
Suppliers	2,512	2,385	2,024	2,055	1,166
Other payables	1,314	1,051	788	526	263
Total payables	3,826	3,436	2,812	2,581	1,429
Total liabilities	17,283	17,644	17,602	18,205	17,997
EQUITY					
Parent entity interest					
Contributed equity	8,428	9,988	16,632	18,725	19,646
Reserves	109	109	109	109	109
Retained surpluses or accumulated deficits	(5,860)	(5,860)	(5,860)	(5,860)	(5,860)
Total parent entity interest	2,677	4,237	10,881	12,974	13,895
Outside equity interest					
Contributed equity	0	0	0	0	0
Total outside equity interest	0	0	0	0	0
Total equity	2,677	4,237	10,881	12,974	13,895
Current assets	8,743	9,235	10,445	15,664	19,303
Non-current assets	11,217	12,646	18,038	15,515	12,589
Current liabilities	6,670	6,898	6,731	7,192	6,829
Non-current liabilities	9,300	9,695	10,084	10,487	10,905

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	252	254	260	229	231
Appropriations	77,482	78,327	73,910	70,241	72,065
Other	1,017	990	984	997	1,011
Total cash received	78,751	79,571	75,154	71,467	73,307
Cash used					
Employees	49,676	47,973	45,374	45,170	44,983
Suppliers	25,853	25,998	24,952	24,849	26,122
Other	1,017	990	984	997	1,011
Total cash used	76,546	74,961	71,310	71,016	72,116
Net cash from or (used by) operating activities	2,205	4,610	3,844	451	1,191
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	0	0	0	0	0
Total cash received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment	1,896	3,498	9,720	1,684	1,140
Other	5,126	2,181	450	250	250
Total cash used	7,022	5,679	10,170	1,934	1,390
Net cash from or (used by) investing activities	(7,022)	(5,679)	(10,170)	(1,934)	(1,390)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,800	1,560	6,644	2,093	921
Other	0	0	0	0	0
Total cash received	4,800	1,560	6,644	2,093	921
Cash used					
Other	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from/(used by) financing activities	4,800	1,560	6,644	2,093	921
Net increase or (decrease) in cash held	(17)	491	318	610	722
Cash at the beginning of the reporting period	2,048	2,031	2,522	2,840	3,450
Cash at the end of the reporting period	2,031	2,522	2,840	3,450	4,172

Table 5.4: Departmental capital budget statement

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	4,800	1,560	6,644	2,093	921
Total loans	0	0	0	0	0
Total capital appropriations	4,800	1,560	6,644	2,093	921
Represented by:					
Purchase of non-financial assets	4,800	1,560	6,644	2,093	921
Other	0	0	0	0	0
Total represented by	4,800	1,560	6,644	2,093	921
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	4,800	1,560	6,644	2,093	921
Funded internally by Departmental resources	2,222	3,819	3,526	(1,659)	469
Total	7,022	5,379	10,170	434	1,390

1 See Table 2.1 for further detail

Table 5.5: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005									
Gross book value	0	0	2,471	0	2,426	0	8,889	0	13,786
Accumulated depreciation	0	0	419	0	138	0	2,012	0	2,569
Opening net book value	0	0	2,052	0	2,288	0	6,877	0	11,217
Additions:									
by purchase	0	0	2,243	0	1,255	0	2,181	0	5,679
by finance lease	0	0	0	0	0	0	0	0	0
from acquisitions of entities or operations (including restructuring)	0	0	0	0	0	0	0	0	0
Net revaluation increment/decrement	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Depreciation/amortisation expense	0	0	567	0	1,308	0	2,300	0	4,175
Recoverable amount write-downs	0	0	0	0	(675)	0	0	0	(675)
Other movements	0	0	0	0	(600)	0	0	0	(600)
Disposals:									
from disposal of entities or operations (including restructuring)	0	0	0	0	0	0	0	0	0
other disposals	0	0	0	0	0	0	0	0	0
As at 30 June 2006									
Gross book value	0	0	4,714	0	3,006	0	11,070	0	18,790
Accumulated depreciation	0	0	986	0	846	0	4,312	0	6,144
Closing net book value	0	0	3,728	0	2,160	0	6,758	0	12,646

Table 5.6: Schedule of budgeted revenues and expenses administered on behalf of Government for the period ended 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimates 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT					
Taxation					
Other taxes, fees and fines	0	0	0	0	0
Total taxation	0	0	0	0	0
Non-taxation (revenues from Government)					
Other sources of non-taxation revenues	2,336	2,453	2,575	2,704	2,839
Total non-taxation	2,336	2,453	2,575	2,704	2,839
Total revenues administered on behalf of Government	2,336	2,453	2,575	2,704	2,839
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	825,748	316,399	223,981	639,949	617,625
Depreciation and amortisation	680	612	624	608	699
Value of assets sold	0	0	0	0	0
Other - Aid Programme	1,312,218	1,353,113	1,368,723	1,367,738	1,425,356
Total expenses administered on behalf of Government	2,138,646	1,670,124	1,593,328	2,008,295	2,043,680

Table 5.7: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	151	151	151	151	151
Receivables	2,359,270	2,157,153	1,824,534	1,888,597	1,963,577
Total financial assets	2,359,421	2,157,304	1,824,685	1,888,748	1,963,728
Non-financial assets					
Infrastructure, plant and equipment	1,502	1,586	1,540	1,682	1,733
Other non-financial assets	4,547	4,547	4,547	4,547	4,547
Total non-financial assets	6,049	6,133	6,087	6,229	6,280
Total assets administered on behalf of Government	2,365,470	2,163,437	1,830,772	1,894,977	1,970,008
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	4,897	5,050	5,108	5,105	5,320
Total interest bearing liabilities	4,897	5,050	5,108	5,105	5,320
Provisions					
Other provisions	427	427	427	427	427
Total provisions	427	427	427	427	427
Payables					
Suppliers	118,376	123,703	126,180	128,704	131,490
Grants and subsidies	1,301,067	1,174,172	941,421	1,114,697	1,304,903
Total payables	1,419,870	1,298,302	1,068,028	1,243,828	1,436,820
Total liabilities administered on behalf of Government	1,424,767	1,303,352	1,073,136	1,248,933	1,442,140

Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June 2006

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account -					
Appropriations	1,548,108	1,772,393	1,926,003	1,999,230	2,023,908
GST Input credits	65,566	60,447	61,241	61,259	63,620
Other	2,336	2,453	2,575	2,704	2,839
Total cash received	1,616,010	1,835,293	1,989,819	2,063,193	2,090,367
Cash used					
Other Aid Programme	1,314,461	1,351,785	1,370,245	1,369,214	1,426,563
Grant payments	325,856	454,294	577,731	642,674	603,419
GST paid to suppliers	58,768	60,600	61,299	61,255	63,835
Other	2,336	2,453	2,575	2,704	2,839
Total cash used	1,701,421	1,869,132	2,011,850	2,075,847	2,096,656
Net cash from/(used by) operating activities	(85,411)	(33,839)	(22,031)	(12,654)	(6,289)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	0	0	0	0	0
Other	0	0	0	0	0
Total cash received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment and intangibles	464	696	578	750	750
Other	0	0	0	0	0
Total cash used	464	696	578	750	750
Net cash from/(used by) investing activities	(464)	(696)	(578)	(750)	(750)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	58,768	60,600	61,299	61,255	63,835
Cash from Capital Injections	92,673	34,382	22,551	13,408	6,824
Total cash received	151,441	94,982	83,850	74,663	70,659
Cash used					
Repayment of DoFA GST loan	65,566	60,447	61,241	61,259	63,620
Total cash used	65,566	60,447	61,241	61,259	63,620
Net cash from/(used by) financing activities	85,875	34,535	22,609	13,404	7,039
Net increase or (decrease) in cash held	0	0	0	0	0
Cash at beginning of reporting period	151	151	151	151	151
Cash at end of reporting period	151	151	151	151	151

Table 5.9: Schedule of administered capital budget

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	92,673	34,382	22,551	13,408	6,824
Total capital appropriations	92,673	34,382	22,551	13,408	6,824
Represented by:					
Purchase of non-financial assets	114	0	0	0	0
Other	92,559	34,382	22,551	13,408	6,824
Total represented by	92,673	34,382	22,551	13,408	6,824
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	0	0	0	0	0
Funded internally by Departmental resources	350	696	578	750	750
Total	93,023	35,078	23,129	14,158	7,574

1 See Table 2.1 for further detail

Table 5.10: Administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	Property	Property		military	infrastructure	and cultural	software	intangibles	
				equipment	plant and	assets			
					equipment				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005									
Gross book value	0	0	0	0	2,182	0	0	0	2,182
Accumulated depreciation	0	0	0	0	680	0	0	0	680
Opening net book value	0	0	0	0	1,448	0	0	0	1,448
Additions:									
by purchase	0	0	0	0	696	0	0	0	696
by finance lease	0	0	0	0	0	0	0	0	0
from acquisitions of entities or operations (including restructuring)	0	0	0	0	0	0	0	0	0
Net revaluation increment/decrement	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Depreciation/amortisation expense	0	0	0	0	612	0	0	0	612
Recoverable amount write-downs	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
Disposals:									
from disposal of entities or operations (including restructuring)	0	0	0	0	0	0	0	0	0
other disposals	0	0	0	0	0	0	0	0	0
As at 30 June 2006									
Gross book value	0	0	0	0	2,878	0	0	0	2,878
Accumulated depreciation	0	0	0	0	1,292	0	0	0	1,292
Closing net book value	0	0	0	0	1,586	0	0	0	1,586

Explanatory Table 1 – Reconciliation of AusAID expenses to ODA

	Estimated actual 2004-05 \$'000	Budget Estimate 2005-06 \$'000
Total AusAID expenses:		
AusAID departmental expenses	75,414	78,704
AusAID administered expenses	2,138,646	1,670,124
less expenses with no cash required in year of expense:		
New multiyear liabilities ¹	(719,348)	(84,699)
Other accrual adjustments ²	4,110	10,662
plus cash for GST		
GST - cash items with no corresponding expense	125,351	122,037
plus cash for expense in a different year:		
Payments to existing multiyear liabilities ³	223,456	211,595
Total AusAID cash	1,847,628	2,008,424
minus AusAID ODA adjustments: ⁴		
AusAID non-ODA departmental expenditure	(1,062)	(1,064)
AusAID non-ODA administered expenditure	(4,248)	(4,121)
Offsetting receipts from previous years' expenditure	(2,336)	(2,453)
GST repaid to DoFA	(65,566)	(60,447)
GST paid to suppliers	(60,005)	(61,590)
plus non-AusAID ODA:		
ACIAR	46,594	48,136
Other Government Departments	491,883	563,948
Total Estimated ODA⁵	2,252,887	2,490,833

1. The new multiyear liabilities for 2005–06 consist of replenishments for the Global Environment Fund (GEF) and the Montreal Protocol Multilateral Fund (MPMF).

2. See Explanatory Table 3 for detail

3. Cash payments for multiyear liabilities such as those mentioned in the first Explanatory Note, occur in a later year to the expense being recorded. These cash payments may be funded from Capital Injections or Bill 1.

4. See Explanatory Table 2 for detail

5. Actual calculations of total ODA can not be determined until after the end of the financial year.

Explanatory Table 2 – Reconciliation of AusAID cash to ODA

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
Total departmental cash used	83,568	80,640
Receipts under Section 31 of the FMA Act	(252)	(254)
Interest	0	0
GST repaid to DoFA	0	0
GST paid to suppliers	(1,017)	(990)
Fringe Benefits Tax adjustment	(850)	(850)
Total ODA-eligible AusAID Departmental cash	81,449	78,546
Total administered cash used ¹	1,764,099	1,927,824
Miscellaneous receipts ²	(2,336)	(2,453)
GST repaid to DoFA ³	(65,566)	(60,447)
GST paid to suppliers ³	(58,988)	(60,600)
AusAID non ODA eligible expenditure ⁴	(4,248)	(4,121)
Total ODA-eligible AusAID Administered cash	1,632,961	1,800,203
ACIAR	46,594	48,136
Other Government Departments	491,883	563,948
Non AusAID ODA	538,477	612,084
Total Estimated ODA⁵	2,252,887	2,490,833

1. Excluding cash to the Official Public Account.
2. Refunds of expenditure that was recorded as ODA in a previous year. Miscellaneous receipts are offset against ODA in the year of receipt, not expenditure.
3. GST cash is drawdown separately from appropriated cash in order to pay any GST component to suppliers. This amount is subsequently refunded by the ATO. The difference between 'GST repaid to Finance' and 'GST paid to suppliers' in any given year equates to the ATO input tax credits receipts.
4. For example, only 75% of cash payments to the Global Environment Fund Facility are eligible as ODA.
5. Actual calculations of total ODA can not be determined until after the end of the financial year.

Explanatory Table 3 – Reconciliation of AusAID expenses to cash

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
Price of Outputs	75,414	78,704	75,146	75,132	75,265
Operating surplus/(loss)	0	0	0	0	0
Departmental expenses	75,414	78,704	75,146	75,132	75,265
Depreciation and amortisation	(1,689)	(4,250)	(4,778)	(4,457)	(4,316)
Investment	7,022	5,679	10,170	1,934	1,390
Net change in employee liabilities	1,426	(751)	(582)	(834)	(944)
Net change in supplier liabilities/prepayments	(352)	(127)	(361)	31	(889)
Resources supplied free of charge	(75)	(75)	(75)	(75)	(75)
GST repaid to DoFA	0	0	0	0	0
GST paid to suppliers	1,017	990	984	997	1,011
Departmental cash used	82,763	80,170	80,505	72,728	71,442
Administered expenses	2,138,646	1,670,124	1,593,328	2,008,295	2,043,680
Operating Loss	0	0	0	0	0
Administered expenses after operating loss	2,138,646	1,670,124	1,593,328	2,008,295	2,043,680
New multiyear liabilities	(719,348)	(84,699)	0	(414,030)	(389,731)
Cash spent on existing and new multiyear liabilities:					
Annual Appropriation	130,897	177,213	210,200	227,347	192,701
Special Appropriation	0	0	0	0	0
Capital injection	92,673	34,382	22,551	13,408	6,824
AIPRD Loans cash payments	0	15,000	125,000	180,000	180,000
Depreciation	(680)	(612)	(624)	(608)	(699)
Investment	464	696	578	750	750
GST repaid to DoFA	65,566	60,447	61,241	61,259	63,620
GST paid to suppliers	58,768	60,600	61,299	61,255	68,835
Net change in ordinary creditors and accruals	(2,887)	(5,327)	(2,477)	(2,524)	(2,786)
Administered cash used					
(excluding payments to OPA)	1,764,099	1,927,824	2,071,095	2,135,153	2,163,195

5.3: NOTES TO THE FINANCIAL STATEMENTS

Departmental financial statements and Schedule of administered activity

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

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

Appropriations in the accrual budgeting framework

Under the Australian Government's 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;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

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

Administered investments in controlled entities

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

Asset valuation

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