

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT - AUSAID

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AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT - AUSAID

Section 1: Overview

In 2006–07, through its new strategic framework, *Australian Aid: Promoting Growth and Stability – a White Paper on Australia’s Aid Programme*, the aid programme will continue to support an integrated, whole of government approach to the development challenges of the Asia-Pacific region. The White Paper is structured around four key themes: accelerating economic growth, fostering functioning and effective states, investing in people, and promoting regional stability and cooperation.

The Government will also emphasise three overarching principles for the aid programme, namely: gender equality, a closer partnership with recipient countries and the untying of Australia’s aid. The White Paper provides the framework for doubling Australian Official Development Assistance to around \$4 billion as announced by the Prime Minister in September 2005.

The aid programme will continue its work with partner countries, donors and organisations to promote economic growth, stability, security and functioning governments in the region. While maintaining the flexibility to handle crises and emerging challenges, the aid programme will address long term constraints including poor governance, corruption, instability and conflict, all of which undermine the fundamental aim of reducing poverty and promoting sustainable development.

In 2004–05, an additional Outcome was created to cover the new \$1 billion appropriation and subsequent expenditure for the Australia–Indonesia Partnership for Reconstruction and Development (AIPRD). 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 development assistance to Indonesia. This initiative will increase Australia’s assistance to Indonesia to approximately \$2 billion over five years.

The AusAID Strategic Plan, *Improving Effectiveness in a Changing Environment*, published in 2001, has provided the overarching strategic directions and guidance for AusAID operations and management over the past four years. While many elements are still important and relevant, there have been changes on both the domestic and international policy fronts, all of which point to the need for new corporate planning tools. To continue to adapt to these changes, AusAID needs to plan and deliver a more

¹ AusAID received the \$1 billion appropriation through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2005.

effective and significantly increased aid programme in line with the Aid White Paper. A new Corporate Plan and Business Plan aim to equip the Agency in this regard.

The Corporate Plan 2006-2010 comprises: the high level objective of the aid programme, the policy goals articulated in the White Paper and programme strategies linked to the Agency's two outcomes. It articulates what the Agency is striving to achieve and the operating principles that will guide the Agency over the next five years. The Agency Business Plan 2006-2010 provides more detailed guidance on what changes will need to occur within the Agency to plan and deliver a more effective and scaled-up aid programme. It focuses on four key areas of change within the Agency: Policy and Programme; People and Organisation; Business Processes and Systems; and Partnerships and Outreach.

Table 1.1: Agency outcomes and output groups

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

Section 2: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for AusAID in the 2006-07 Budget is \$1,858.3 million².

² This amount relates to Appropriation Bill No. 1 (Departmental and Administered). In addition to this are Departmental and Administered capital injections totalling \$29.2 million (see Table 2.1).

Table 2.1: Appropriations and other resources 2006-07 ('000)

	Departmental				Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 SPPs \$'000	Other (b) \$'000	Special Appropriation \$'000		Receipts (a) \$'000
AusAID										
Non-operating										
Outcome 1	87,440	0	0	349	1,761,820	0	0	0	2,665	1,852,274
Outcome 2	5,722	0	0	0	3,370	0	0	0	0	9,092
Equity injections	0	6,644	0	0	0	0	0	0	0	6,644
Loans	0	0	0	0	0	0	0	0	0	0
Previous years' outputs	0	0	0	0	0	0	0	0	0	0
Administered assets and liabilities	0	0	0	0	0	0	22,563	0	0	22,563
Special capital	0	0	0	0	0	0	0	0	0	0
Appropriation	0	0	0	0	0	0	0	0	0	0
TOTAL	93,162	6,644	0	349	1,765,190	0	22,563		2,665	1,890,573

(a) Departmental and administered receipts from other sources (that is, other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- 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.
- Departmental 'Receipts' also includes resources received free of charge – see Table 2.3 for breakdown.
- Refer to Budgeted Income Statement for application of agency revenue.

2.2 2006-07 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 2007-08			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10		
			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
			Admin expense	Dept outputs	Total	Admin expense	Dept output	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Official Development Assistance - preparations for implementation of Aid White Paper	1	1.1 & 1.2	0	7,300	7,300	0	0	0	0	0	0	0	0	0
Australian Scholarships - establishment ¹	1	1.1 & 1.2	25,239	3,443	28,682	42,378	3,331	45,709	50,257	3,402	53,659	58,588	3,494	62,082
Multilateral Debt Relief Initiative - contribution	1		136,210	0	136,210	0	0	0	0	0	0	0	0	0
Australia-Indonesia Partnership for Reconstruction and Development - supplementary administration costs	2	2.1	3,370	5,722	9,092	0	0	0	0	0	0	0	0	0

Table 2.2 AusAID measures (continued)

Asia-Pacific Illicit Drug Initiative - establishment of advisory committee ²	1	0	0	0	0	0	0	0	0	0	0	0	0
Indonesian flood disaster - donation ²	1	0	0	0	0	0	0	0	0	0	0	0	0
Philippines landslide disaster - contribution ²	1	0	0	0	0	0	0	0	0	0	0	0	0
Hurricane Ivan and Emily - donation ²	1	0	0	0	0	0	0	0	0	0	0	0	0
Kenya and Somalia - humanitarian aid ²	1	0	0	0	0	0	0	0	0	0	0	0	0
Total of All measures	1	164,819	9,165	181,284	42,378	3,331	45,709	50,257	3,402	53,659	58,588	3,494	62,082

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

2. Funding for this measure was included in the forward estimates at 2005-06 MYEFO as a "measure agreed but not yet announced". As a result, Budget Paper 2 will reflect a nil financial impact.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by AusAID for provision of goods or services. These resources are approved for use by AusAID and are included in Table 2.1.

Table 2.3: Other resources available to be used¹

	Estimated resources 2005-06 \$'000	Budget estimate 2006-07 \$'000
Departmental resources		
Sales of goods and services (FMA Act s.31) ²	254	260
Resources received free of charge	89	89
Total departmental other resources available to be used	343	349
Administered other resources		
Other non-taxation revenue (FMA Act s.31) ³	2,538	2,665
Total administered other resources available to be used	2,538	2,665

Notes:

1. This table replaces the former table 'Receipts from other sources'. It represents own source receipts available for spending on departmental purposes.
2. All Departmental Sales of Goods and Services are used for AusAID's Outcome 1 (*Financial Management and Accountability Act s.31*).
3. Administered 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 (*Financial Management and Accountability Act s.31*).

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 2005-06 TO 2006-07

Table 2.4: Movement of administered funds from 2005-06 to 2006-07

M	Movements of funding between years	\$'000
	GEF4 Replenishment	71,724
	Nauru MOU IV	2,920
	Total	74,644

GEF 4 Replenishment

The fourth replenishment of the Global Environment Facility (GEF 4) is still under negotiation. A number of issues remain outstanding including the size of the replenishment target; the level of contribution by donors; and some policy and fiscal management reforms. Though the negotiations were scheduled for completion in June 2006, the final agreement is unlikely to occur until financial year 2006-07. As is the case with multilateral replenishments, the full commitment is recorded as an expense in the year that the agreement is entered into, not when the cash payments fall due. See Section 2.7 – Administered Capital and Departmental Equity Injections and Loans for further information relating to multilateral replenishments.

Nauru MOU IV

Delays in the final ratification of the Nauru Memorandum of Understanding (MOU) IV programme resulted in related aid activities not commencing until October 2005. Further interruptions to delivery of aid activities were encountered following repossession of Air Nauru's sole aircraft in December 2005, and provision of limited chartered air services on a month-by-month basis since. Delays in finalising government-to-government agreements on programme policy and designs have also hampered implementation.

2.5 SPECIAL APPROPRIATIONS

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

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by AusAID.

Table 2.6: Estimates of special account flows and balances

		Opening balance 2006-07 2005-06	Credits 2006-07 2005-06	Debits 2006-07 2005-06	Adjustments 2006-07 2005-06	Closing balance 2006-07 2005-06
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Governments and Non- Agency Bodies (A) <i>Financial Management and Accountability Act 1997 s.20</i>	1	2,452	3,487	3,487	0	2,452
		1,669	3,487	2,704	0	2,452
Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	400,000	0	120,000	0	280,000
		494,064	0	94,064	0	400,000
Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	500,000	0	55,000	0	445,000
		500,000	0	0	0	500,000
Total special accounts 2006-07 Budget estimate		902,452	3,487	178,487	0	727,452
Total special accounts 2005-06 estimate actual		995,733	3,487	96,768	0	902,452

(A) = Administered

(D) = Departmental

Note: The two special accounts for the Australia-Indonesia Partnership for Reconstruction and Development were created to receive the \$1 billion appropriation which was appropriated through the 2004-05 Portfolio Supplementary Additional Estimates Statements tabled in March 2005.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

In 2006–07, 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 the Asian Development Fund (ADF), the Global Environment Facility (GEF) and the Nauru Settlement Treaty.

AusAID will receive an administered capital cash injection of \$22.6 million in 2006–07 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 the current accounting treatment for multiyear agreements, 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, and AusAID's expenses can vary considerably.

In 2006–07, new multiyear agreements totalling approximately \$207.9 million are expected to be entered into for the fourth replenishment of the Global Environment Facility (GEF 4) and the G8 Multilateral Debt Relief Initiative.

AusAID will make cash payments against existing multiyear agreements of approximately \$232.1 million.

In 2006–07 AusAID will receive a departmental capital injection of \$6.6 million for AusAID's central office fitout (\$6.0 million) and Providing for Australia's security – Australian overseas diplomatic missions – improved security (\$0.6 million).

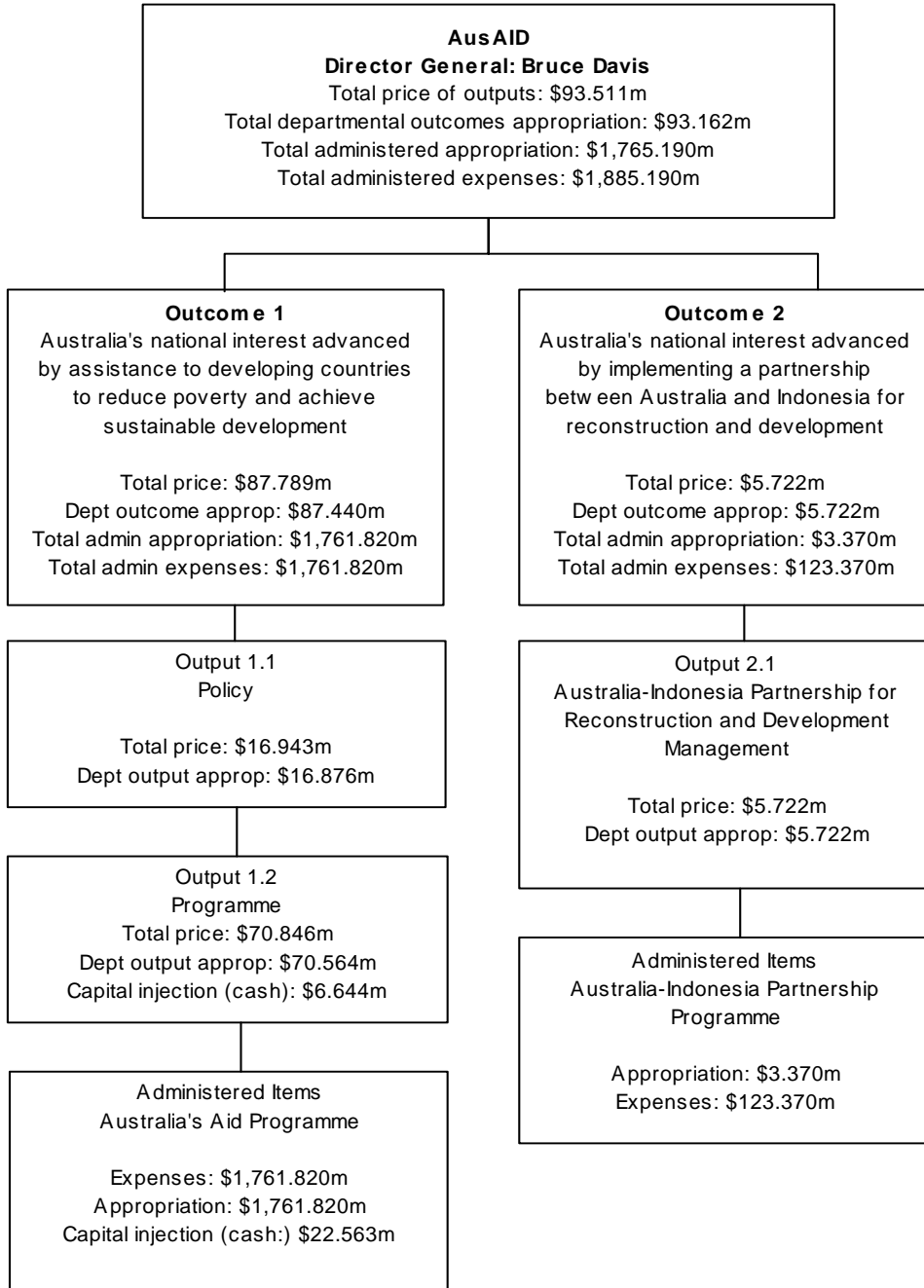
Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programmes on behalf of the Government (administered items). This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the two outcomes for AusAID.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of AusAID and the outcomes are summarised in Figure 4.

Figure 4: Contributions to outcomes

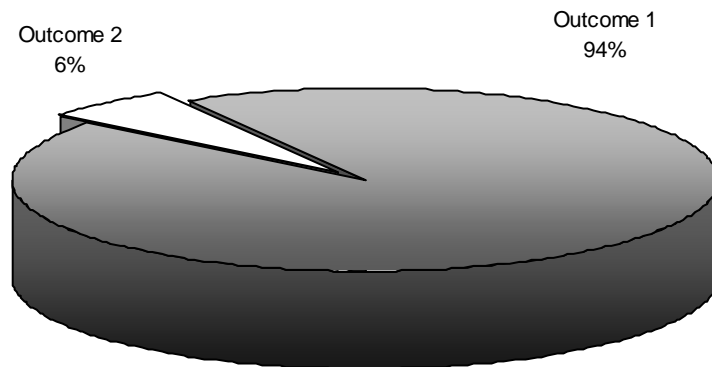


3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

Figure 5 shows Departmental appropriations by Outcome for 2006-07

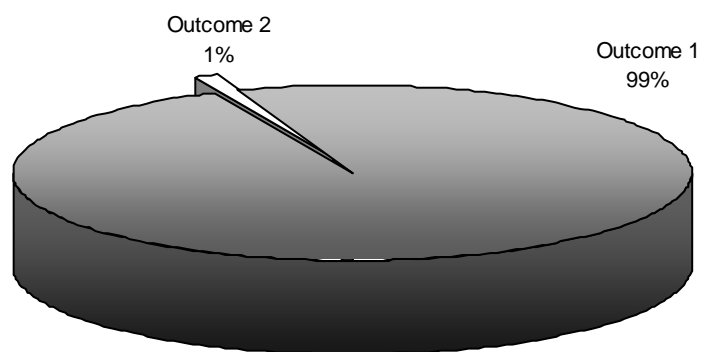
Figure 5: Departmental appropriations by outcome, 2006-07



Administered appropriations by outcome

Figure 6 shows Administered appropriations by Outcome for 2006-07

Figure 6: Administered appropriations by outcome, 2006-07



3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations		
Total administered appropriations	1,477,088	1,761,820
Departmental appropriations		
Output 1.1 - Policy		
Subtotal Output 1.1	14,481	16,876
Departmental appropriations		
Output 1.2 - Programme Management		
Subtotal Output 1.2	60,548	70,564
Total revenue from government (appropriations)		
Contributing to price of departmental outputs	75,029	87,440
Other resources available to be used		
Sale of Goods and Services	254	260
Resources received free of charge	89	89
Total revenue from other sources	343	349
Total resources		
(Total revenue from government and from other sources)	75,372	87,789
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	1,552,460	1,849,609
	2005-06	2006-07
Average staffing level (number)	461	491

Measures affecting Outcome 1³

- Official Development Assistance – preparations for implementation of Aid White Paper⁴
- Australian Scholarships - establishment⁵
- Multilateral Debt Relief Initiative – contribution⁶
- Asia-Pacific Illicit Drug Initiative – establishment of advisory committee⁷
- Indonesian flood disaster - donation⁸
- Philippines landslide disaster – contribution⁹
- Hurricane Ivan and Emily – donation¹⁰
- Kenya and Somalia – humanitarian aid¹¹

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

³ This relates to measures disclosed in the 2006-07 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (2005-06 MYEFO))

⁴ AusAID will receive \$7.3 million under this measure.

⁵ AusAID will receive \$257.0 million under this measure including \$66.9 million in 2010-11.

⁶ AusAID will receive \$136.2 million under this measure.

⁷ AusAID is absorbing this measure from within existing resources in the Global Aid Budget.

⁸ AusAID is absorbing this measure from within existing resources in the Global Aid Budget.

⁹ AusAID is absorbing this measure from within existing resources in the Global Aid Budget.

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

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

Contributions to achievement of Outcome 1

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

Performance information for administered items and individual outputs relating AusAID are summarised in Table 3.2 below. Table 3.2 describes the performance information framework that AusAID will use to assess its contribution to the achievement of Outcome 1 during 2006–07. 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 2006–07 Annual Report.

A review will be undertaken on the performance framework of the Aid Programme during 2006–07.

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 reducing poverty and achieving sustainable development, in line with Australia's national interests.	
The launch of the Aid White Paper in April 2006 provides the strategic framework to guide the direction and delivery of the aid programme over the medium term. The White Paper is structured around four key themes:	
Accelerating economic growth	
Fostering functioning and effective states	
Investing in people	
Promoting regional stability and cooperation	
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: \$16.943 million</p>
Output 1.2 Programme Management	
Output 1.2	<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 dispute. <p>Quantity: number of activities; number of new contracts signed and ongoing contracts managed; total funds expended under the programme.</p> <p>Price: \$70.846 million</p>

Outcome 2 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations		
Total administered appropriations	2,109	3,370
Departmental appropriations		
Output 2.1 - Australia-Indonesia Partnership for Reconstruction and Development Management		
Subtotal Output 2.1	3,913	5,722
Total revenue from government (appropriations) Contributing to price of departmental outputs	3,913	5,722
Total revenue from other sources	0	0
Total resources (Total revenue from government and from other sources)	3,913	5,722
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	6,022	9,092
	2005-06	2006-07
Average staffing level (number)	21	27

Measures affecting Outcome 2¹²

- Australia-Indonesia Partnership for Reconstruction and Development – supplementary administration costs¹³

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

Contributions to achievement of Outcome 2

AusAID's second 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 billion¹⁴ 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 finalised.

Performance information for Outcome 2

Performance information for administered items and individual outputs relating to AusAID are summarised in Table 3.2 below. Table 3.2 describes the performance information framework that AusAID will use to assess its contribution to the achievement of Outcome 2 during 2006–07. 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 2006–07 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 and agrees on major activities.

¹² This relates to measures disclosed in the 2006-07 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (2005-06 MYEFO))

¹³ AusAID will receive \$9.1 million under this measure.

¹⁴ AusAID received the \$1 billion appropriation through the 2004–05 Portfolio Supplementary Additional Estimates tabled in March 2005.

Table 3.2: Performance information for Outcome 2

**Effectiveness - Overall achievement of the Outcome -
(Measures, indicators and targets used as appropriate)**

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.

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:

- 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;
 - 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;
 - 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;
 - 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
 - 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.
-

Table 3.2: Performance information for Outcome 2 (continued)

Performance indicators for administered items including third party outputs	
Australia-Indonesia Partnership for Reconstruction and Development	<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>
Performance indicators for individual outputs	
Output 2.1 Australia-Indonesia Partnership for Reconstruction and Development Management	
Output 2.1	<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: \$5.722 million</p>

Evaluations of the aid programme

The Office of Development Effectiveness (ODE) was established in 2006 with the objective of improving the effectiveness of Australian Government policies and programmes on the development of partner countries. In 2006-07 the focus of the ODE will be on:

- Developing improved approaches across the whole of government to monitoring and evaluation of Australian aid programmes, policies and strategies;
- Assessing aid effectiveness through a programme of reviews and evaluations;
- Producing the first *Annual Review of Development Effectiveness*.

In 2006-07 Internal Audit will continue its compliance work and strategic analysis of key areas of risk and fraud.

Administration and delivery of the aid programme

Delivering an expanded and effective aid programme focussed on the White Paper themes will require continued development of innovative modes of delivery, access to a broader pool of expertise, and further refinement of our administrative processes.

In 2006-07 AusAID will build on the improvements and innovations in our approach to delivering the aid programme. These include: utilising modes of delivery that are strongly aligned with partner government budgets and systems and make greater use of national expertise in implementation; a stronger emphasis in our designs and contracts on outputs based approaches that strengthen performance; expanding the pool of expertise and providing greater value for money by completely untying the aid programme; and mobilising new Australian engagement. AusAID will also continue to refine our tendering and contracting approaches to support the range of evolving aid delivery mechanisms.

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 by the Department of Finance and Administration.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Please refer to Portfolio Table 1 in the Portfolio Overview.

Section 5: Budgeted financial statements

The budgeted financial statements for AusAID, presented in this section, form the basis of both the financial statements that will appear in AusAID's 2005-06 and 2006-07 Annual Reports and input into the whole of Government Accounts.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

This statement was previously titled "Statement of Financial Performance". This statement provides a picture of the expected financial results for AusAID by identifying full accrual expenses and revenue.

AusAID is budgeting for a zero operating result for 2006-07. The estimated actual operating result for 2005-06 is also expected to be zero.

Total revenue in 2006-07 is estimated to be \$93.5 million, an increase of \$14.2 million from the 2005-06 estimated actual. The increase is primarily due to the following specific measures disclosed in the 2006-07 Budget (further details are provided at Section 2, Table 2.2):

- additional funding received for Official Development Assistance – preparations for implementation of Aid White Paper;
- additional funding received for the Australian Scholarships - establishment; and
- additional funding for the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD).

Total expenses are estimated to be \$93.5 million, an increase of \$14.2 million from the 2005-06 estimated actual. The increase is primarily due to additional employee expenses for managing new government initiatives as outlined above, and increases in employee remuneration.

Budgeted departmental balance sheet

This statement was previously titled “Statement of Financial Position”. This statement shows the expected financial position of AusAID. It enables decision makers to track the management of AusAID’s assets and liabilities.

AusAID’s budgeted net asset position of \$16.2 million represents an increase of \$6.6 million from the 2005-06 estimated actual net asset position. The increase is attributable to the capital injections that will be received for AusAID’s central office fitout and Providing for Australia’s Security – Australian overseas diplomatic missions - improved security (refer to 2005-06 Portfolio Budget Statement Table 2.2).

Following the \$6.6 million equity injection in 2006-07, contributed equity has increased by this amount. This is expected to continue in 2007-08 with a further equity injection of \$2 million for Improved Security for Australian overseas missions and AusAID’s central office fitout.

AusAID’s most significant liability continues to be accrued employee entitlements, as a result of accruing leave entitlements. In 2006-07, this is estimated at \$14.7 million.

Budgeted departmental statement of cash flows

This statement shows the budgeted cash flows, as reflected in the statement of cash flows, providing information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental statement of changes in equity – summary of movement

Due to the introduction of AEIFRS this is a new primary statement which shows the movement in the Department’s equity.

Departmental capital budget statement

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

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

Details of transactions administered by AusAID on behalf of the Commonwealth are shown in the following schedules to the financial statements.

Schedule of budgeted income and expenses administered on behalf of government

This statement was previously titled “Budgeted Revenues”. This schedule identifies the main revenues and expenses relating to the Australian Government’s Official Overseas Aid Programme administered by AusAID.

AusAID will receive appropriation of \$1,765.1 million for programmes administered on behalf of the Government, representing an increase of \$285.9 million from the 2005-06 estimated actual. The increase is largely due to:

Grants:

- an increase in grants to multilateral organisations: the fourth replenishment of the Global Environment Facility (GEF 4) for which the funds were moved from 2005-06 to 2006-07 (refer to Section 2, Table 2.4) and the G8 Multilateral Debt Relief Initiative (G8 MDRI) which will be finalised in 2006-07.

Other Aid Programme:

- Australian Scholarships - establishment (see Table 2.2); and
- regular indexation of the administered budget in line with economic parameters.

Administered expenses for grants to multilateral organisations are budgeted at \$207.9 million, an increase of \$196.9 million from the 2005-06 estimated actual. As noted above, this is primarily related to the full expensing of agreements entered into in 2006-07. New multiyear agreements totalling approximately \$207.9 million are expected to be entered into for the GEF 4 (\$71.7 million) and the G8 MDRI (\$136.2 million). Cash payments for the GEF 4 commitment will be made from 2006-07 to 2015-16, while the full amount of the G8 MDRI commitment will be paid in 2006-07.

Also budgeted in grants are the estimated expenses for the grants component of the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). For 2006-07 it is estimated that \$120 million of AIPRD grants will be expensed. 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. It is estimated that \$55.0 million of loans will be disbursed in 2006-07.

Administered expenses for ‘Other Aid Programme’ are budgeted at \$1,434.4 million, an increase of \$95.6 million from the 2005-06 estimated actual. This increase is primarily related to:

- Australian Scholarships - establishment (see Table 2.2); and
- regular indexation of the administered budget in line with economic parameters.

Schedule of budgeted assets and liabilities administered on behalf of Government

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

Total assets are expected to decrease by \$254.1 million to \$1,892.9 million from the 2005-06 estimated actual and total liabilities are expected to decrease by \$156.7 million to \$1,092.0 million. As noted above, AusAID is expecting to finalise agreements for the GEF 4 and the G8 MDRI whereas in 2005-06, agreements were finalised for MPMF 6 (see above), offset by cash payments made under agreements finalised prior to 2006-07, including to other multilateral organisations (eg. Asian Development Fund).

Schedule of budgeted administered capital budget and cash flows

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;
- Global Environment Facility; and
- Nauru Settlement Treaty.

Schedule of administered property, plant, equipment and intangibles – summary of movement.

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

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 expense estimates to its cash estimates.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement
(for the period ended 30 June 2007)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	78,942	93,162	79,910	79,896	77,185
Goods and services	254	260	229	231	231
Other	0	0	0	0	0
Total revenue	79,196	93,422	80,139	80,127	77,416
Gains					
Other	89	89	89	89	89
Total gains	89	89	89	89	89
Total income	79,285	93,511	80,228	80,216	77,505
EXPENSE					
Employees	49,224	60,711	49,923	49,818	47,201
Suppliers	26,923	29,125	26,845	27,177	27,177
Depreciation and amortisation	3,063	3,450	3,385	3,138	3,041
Write-down of assets and impairment of assets	75	225	75	83	86
Other	0	0	0	0	0
Total expenses	79,285	93,511	80,228	80,216	77,505
Net surplus or (deficit) attributable to the Australian Government	0	0	0	0	0

**Table 5.2: Budgeted departmental balance sheet
(as at 30 June 2007)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	2,522	2,840	3,450	4,172	4,172
Receivables	11,751	10,568	14,281	17,800	18,829
Other	0	0	0	0	0
Total financial assets	14,273	13,408	17,731	21,972	23,001
Non-financial assets					
Land and buildings	3,314	9,298	9,583	9,503	9,521
Infrastructure, plant and equipment	2,633	5,152	4,244	3,212	2,177
Intangibles	4,019	2,991	1,968	1,129	1,529
Other	1,435	1,427	1,446	1,466	1,466
Total non-financial assets	11,401	18,868	17,241	15,310	14,693
Total assets	25,674	32,276	34,972	37,282	37,694
LIABILITIES					
Interest bearing liabilities					
Other	0	0	0	0	0
Total interest bearing liabilities	0	0	0	0	0
Provisions					
Employees	14,208	14,790	15,536	16,158	16,570
Other	0	0	0	0	0
Total provisions	14,208	14,790	15,536	16,158	16,570
Payables					
Suppliers	1,869	1,245	1,102	1,869	1,869
Other	0	0	0	0	0
Total payables	1,869	1,245	1,102	1,869	1,869
Total liabilities	16,077	16,035	16,638	18,027	18,439
EQUITY*					
Parent entity interest					
Contributed equity	10,369	17,013	19,106	20,027	20,027
Reserves	109	109	109	109	109
Retained surpluses or accumulated deficits	(881)	(881)	(881)	(881)	(881)
Total parent entity interest	9,597	16,241	18,334	19,255	19,255
Total equity	9,597	16,241	18,334	19,255	19,255
Current assets	15,708	14,835	19,177	23,438	24,467
Non-current assets	9,966	17,441	15,795	13,844	13,227
Current liabilities	6,382	5,952	6,213	7,409	7,534
Non-current liabilities	9,695	10,084	10,425	10,618	10,905

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

**Table 5.3: Budgeted departmental statement of cash flows
(for the period ended 30 June 2007)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	254	260	229	231	231
Appropriations	79,941	94,344	76,200	76,380	76,156
Other	990	984	997	1,011	1,012
Total cash received	81,185	95,588	77,426	77,622	77,399
Cash used					
Employees	47,518	60,128	49,180	49,199	46,789
Suppliers	26,252	29,652	26,918	26,341	27,088
Other	990	984	997	1,011	1,012
Total cash used	74,760	90,764	77,095	76,551	74,889
Net cash from or (used by) operating activities	6,425	4,824	331	1,071	2,510
INVESTING ACTIVITIES					
Cash received					
Other	0	0	0	0	0
Total cash received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment	4,079	11,020	1,684	1,140	1,140
Other	1,916	130	130	130	1,370
Total cash used	5,995	11,150	1,814	1,270	2,510
Net cash from or (used by) investing activities	(5,995)	(11,150)	(1,814)	(1,270)	(2,510)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,941	6,644	2,093	921	0
Other	0	0	0	0	0
Total cash received	1,941	6,644	2,093	921	0
Cash used					
Other	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from or (used by) financing activities	1,941	6,644	2,093	921	0
Net increase or (decrease) in cash held	2,371	318	610	722	0
Cash at the beginning of the reporting period	151	2,522	2,840	3,450	4,172
Cash at the end of the reporting period	2,522	2,840	3,450	4,172	4,172

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	(881)	109	0	10,369	9,597
Adjustment for changes in accounting policies	0	0	0	0	0
Adjusted opening balance	(881)	109	0	10,369	9,597
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	0	0	0	0	0
Sub-total income and expense	0	0	0	0	0
Net operating result					
Total income and expenses recognised directly in equity	0	0	0	0	0
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital	0	0	0	0	0
Dividends	0	0	0	0	0
Returns of capital					
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
<i>Contribution by owners</i>					
Appropriation (equity injection)				6,644	6,644
Other:					
Restructuring	0	0	0	0	0
Sub-total transactions with owners	0	0	0	6,644	6,644
Transfers between equity components	0	0	0	0	0
Estimated closing balance as at 30 June 2007	(881)	109	0	17,013	16,241

Table 5.5: Departmental capital budget statement

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,941	6,644	2,093	921	0
Total loans	0	0	0	0	0
Total capital appropriations	1,941	6,644	2,093	921	0
Represented by:					
Purchase of non-financial assets	1,941	6,644	2,093	921	0
Other	0	0	0	0	0
Total represented by	1,941	6,644	2,093	921	0
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	1,941	6,644	2,093	921	0
Funded internally by					
Departmental resources	4,054	4,506	(279)	349	2,510
Total	5,995	11,150	1,814	1,270	2,510

Table 5.6: Departmental property, plants, equipment and intangibles - summary of movement (Budget year 2006-07)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer softw are	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006									
Gross book value	0	0	4,402	0	4,034	0	0	7,121	15,557
Accumulated depreciation	0	0	1,088	0	1,401	0	0	3,102	5,591
Opening net book value			3,314		2,633			4,019	9,966
Additions:									
by purchase	0	0	6,720	0	4,300	0	0	130	11,150
by finance lease	0	0	0	0	0	0	0	0	0
internally developed	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
Revaluations and impairment through equity	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Depreciation/amortisation expense	0	0	736	0	1,556	0	0	1,158	3,450
Impairments recognised in operating result	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	(225)	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 2007									
Gross book value	0	0	10,293	0	7,509	0	0	7,251	25,053
Accumulated depreciation	0	0	995	0	2,357	0	0	4,260	7,612
Estimated closing net book value	0	0	9,298	0	5,152	0	0	2,991	17,441

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June 2007)

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	0	0	0	0	0
Total taxation	0	0	0	0	0
Non-taxation					
Other sources of non-taxation revenues	2,538	2,665	2,798	2,938	2,997
Total non-taxation	2,538	2,665	2,798	2,938	2,997
Total revenues administered on behalf of Government	2,538	2,665	2,798	2,938	2,997
Gains					
Other gains	0	0	0	0	0
Total gains administered on behalf of Government	0	0	0	0	0
Total income administered on behalf of Government	2,538	2,665	2,798	2,938	2,997
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	230,847	450,134	660,110	589,723	177,690
Depreciation and amortisation	674	610	474	356	276
Other - Aid Programme	1,338,822	1,434,446	1,416,868	1,450,990	1,387,591
Total expenses administered on behalf of Government	1,570,343	1,885,190	2,077,452	2,041,069	1,565,557

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2007)

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	3,417	3,417	3,417	3,417	3,417
Receivables	2,139,354	1,885,463	1,937,223	2,013,222	1,748,683
Total financial assets	2,142,771	1,888,880	1,940,640	2,016,639	1,752,100
Non-financial assets					
Infrastructure, plant and equipment	1,573	1,323	1,217	1,236	1,343
Other	2,734	2,734	2,734	2,734	2,734
Total non-financial assets	4,307	4,057	3,951	3,970	4,077
Total assets administered on behalf of Government	2,147,078	1,892,937	1,944,591	2,020,609	1,756,177
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	5,091	5,454	5,388	5,517	5,276
Total interest bearing liabilities	5,091	5,454	5,388	5,517	5,276
Provisions					
Other provisions	2,643	2,643	2,643	2,643	2,643
Total provisions	2,643	2,643	2,643	2,643	2,643
Payables					
Suppliers	138,632	141,963	143,098	144,741	147,487
Grants and subsidies	1,102,379	941,982	1,109,184	1,276,665	1,053,767
Total payables	1,241,011	1,083,945	1,252,282	1,421,406	1,201,254
Total liabilities administered on behalf of Government	1,248,745	1,092,042	1,260,313	1,429,566	1,209,173

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June 2007)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account					
Appropriations	1,634,746	1,895,957	1,762,139	1,761,739	1,726,539
Special Accounts	96,768	178,487	223,487	248,487	213,487
GST input credit receipts	61,461	65,090	64,718	66,079	63,557
Other	2,538	2,665	2,798	2,938	2,997
Total cash received	1,795,513	2,142,199	2,053,142	2,079,243	2,006,580
Cash used					
Aid Programme	1,334,079	1,494,315	1,513,980	1,602,681	1,553,441
Grant payments	431,467	602,332	484,660	413,934	392,164
GST paid to suppliers	61,090	65,454	64,651	66,208	63,316
Other	2,538	2,665	2,798	2,938	2,997
Total cash used	1,829,174	2,164,766	2,066,089	2,085,761	2,011,918
Net cash from or (used by) operating activities	(33,661)	(22,567)	(12,947)	(6,518)	(5,338)
INVESTING ACTIVITIES					
Cash received					
Other	0	0	0	0	0
Total cash received	0	0	0	0	0
Cash used					
Purchase of property, plant and equipment and intangibles	350	360	368	375	383
Other	0	0	0	0	0
Total cash used	350	360	368	375	383
Net cash from or (used by) investing activities	(350)	(360)	(368)	(375)	(383)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrow ing	61,090	65,454	64,651	66,208	63,316
Cash from capital injections	34,382	22,563	13,382	6,764	5,962
Total cash received	95,472	88,017	78,033	72,972	69,278
Cash used					
Repayment of borrow ings	61,461	65,090	64,718	66,079	63,557
Total cash used	61,461	65,090	64,718	66,079	63,557
Net cash from or (used by) financing activities	34,011	22,927	13,315	6,893	5,721
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	3,417	3,417	3,417	3,417	3,417
Cash at end of reporting period	3,417	3,417	3,417	3,417	3,417

Table 5.10: Schedule of administered capital budget

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	34,382	22,563	13,382	6,764	5,962
Special appropriations	0	0	0	0	0
Total capital appropriations	34,382	22,563	13,382	6,764	5,962
Represented by:					
Purchase of non-financial assets	0	0	0	0	0
Other	34,382	22,563	13,382	6,764	5,962
Total represented by	34,382	22,563	13,382	6,764	5,962
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	0	0	0	0	0
Funded internally by Departmental resources	350	360	368	375	383
Total	34,732	22,923	13,750	7,139	6,345

**Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement
(Budget year 2006-07)**

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer softw are	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006									
Gross book value	0	0	0	0	2,923	0	0	0	2,923
Accumulated depreciation	0	0	0	0	1,350	0	0	0	1,350
Opening net book value					1,573				1,573
Additions:									
by purchase	0	0	0	0	360	0	0	0	360
by finance lease	0	0	0	0	0	0	0	0	0
internally developed	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
Revaluations and impairment through equity	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	610	0	0	0	610
Impairments recognised in operating result	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 2007									
Gross book value	0	0	0	0	3,283	0	0	0	3,283
Accumulated depreciation	0	0	0	0	1,960	0	0	0	1,960
Estimated closing net book value	0	0	0	0	1,323	0	0	0	1,323

Explanatory Table 1 – Reconciliation of AusAID expenses to ODA

	Estimated actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000
Total AusAID expenses:		
AusAID departmental expenses	79,285	93,511
AusAID administered expenses	1,570,343	1,885,190
less expenses with no cash required in year of expense:		
New multiyear liabilities ¹	(11,051)	(207,934)
Other accrual adjustments ²	(5,815)	3,839
plus cash for GST		
GST - cash items with no corresponding expense	123,542	131,527
plus cash for AIPRD Loans		
AIPRD Loans has no expenses	0	55,000
plus cash for expense in a different year:		
Payments to existing multiyear liabilities ³	210,953	368,332
Total AusAID cash	1,967,257	2,329,465
minus AusAID ODA adjustments: ⁴		
AusAID non-ODA departmental expenditure	(1,121)	(1,295)
AusAID non-ODA administered expenditure	(2,101)	(5,047)
Offsetting receipts from previous years' expenditure	(2,538)	(2,665)
GST repaid to DoFA	(61,461)	(65,090)
GST paid to suppliers	(62,080)	(66,438)
plus non-AusAID ODA:		
ACIAR	48,194	49,585
Other Government Departments	754,728	707,800
Total Estimated ODA⁵	2,640,878	2,946,315

1. The new multiyear liabilities for 2006–07 consist of replenishments for the fourth replenishment of the Global Environment Facility (GEF 4) and the G8 Multilateral Debt Relief Initiative (G8 MDRI).
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 cannot be determined until after the end of the financial year.

Explanatory Table 2 – Reconciliation of AusAID cash to ODA

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Total departmental cash used	80,755	101,914
Receipts under Section 31 of the FMA Act	(254)	(260)
Interest	0	0
GST repaid to DoFA	0	0
GST paid to suppliers	(990)	(984)
Fringe Benefits Tax adjustment	(867)	(1,035)
Total ODA-eligible AusAID Departmental cash	78,644	99,635
Total administered cash used ¹	1,886,502	2,227,551
Miscellaneous receipts ²	(2,538)	(2,665)
GST repaid to DoFA ³	(61,461)	(65,090)
GST paid to suppliers ³	(61,090)	(65,454)
AusAID non ODA eligible expenditure ⁴	(2,101)	(5,047)
Total ODA-eligible AusAID Administered cash	1,759,312	2,089,295
ACIAR	48,194	49,585
Other Government Departments	754,728	707,800
Non AusAID ODA	802,922	757,385
Total Estimated ODA⁵	2,640,878	2,946,315

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 drawn-down 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 77% of cash payments to the Global Environment Facility are eligible as ODA.
5. Actual calculations of total ODA cannot be determined until after the end of the financial year.

Explanatory Table 3 – Reconciliation of AusAID expenses to cash.

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
Price of Outputs	79,285	93,511	80,228	80,216	77,505
Operating surplus/(loss)	0	0	0	0	0
Departmental expenses	79,285	93,511	80,228	80,216	77,505
Depreciation and amortisation	(3,138)	(3,675)	(3,460)	(3,221)	(3,127)
Investment	5,995	11,150	1,814	1,270	2,510
Net change in employee liabilities	(1,457)	(582)	(746)	(622)	(412)
Net change in supplier liabilities/prepayments	942	(624)	(143)	767	0
Resources supplied free of charge (other gains)	(89)	(89)	(89)	(89)	(89)
GST repaid to DoFA	0	0	0	0	0
GST paid to suppliers	990	984	997	1,011	1,012
Departmental cash used	82,528	100,675	78,601	79,332	77,399
Administered expenses					
Operating Loss	0	0	0	0	0
Administered expenses after operating loss	1,570,343	1,885,190	2,077,452	2,041,069	1,565,557
New multiyear liabilities	(11,051)	(207,934)	(406,949)	(365,353)	0
Cash spent on existing and new multiyear liabilities:					
Annual Appropriation	176,571	345,769	226,365	191,108	216,936
Special Appropriation	0	0	0	0	0
Capital injection	34,382	22,563	13,382	6,764	5,962
AIPRD Loans cash payments	0	55,000	90,000	145,000	160,000
Depreciation	(674)	(610)	(474)	(356)	(276)
Investment	350	360	368	375	383
GST repaid to DoFA	61,461	65,090	64,718	66,079	63,557
GST paid to suppliers	61,090	65,454	64,651	66,208	63,316
Net change in ordinary creditors and accruals	(5,970)	(3,331)	(1,136)	(1,643)	(2,746)
Administered cash used (excluding payments to OPA)	1,886,502	2,227,551	2,128,377	2,149,251	2,072,689

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

As at 30 June 2004, the Australian Valuation Office re-valued all Leasehold Improvements, Infrastructure, Plant and Equipment in accordance with the fair value method of valuation. This valuation completes the Finance Minister's requirements to have all assets re-valued at a fair value basis by 30 June 2005.