

AusAID
(Australian Agency for
International Development)

Agency resources and planned
performance

AUSAID (AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT)

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AUSAID (AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT)

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

In 2008-09 AusAID will advance the Government's objective of assisting developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. Australia's development assistance will help developing country partners expand economic activity to create jobs and raise incomes, combat disease and improve nutrition, raise basic educational attainment, and improve the responsiveness and accountability of the state in meeting citizens' basic needs.

In partnership with developing country partners, bilateral and international development organisations and community-based organisations, AusAID will promote faster progress towards the achievement of the Millennium Development Goals (MDGs).

In 2008-09 AusAID will commence implementation of the Government's long-term commitment to increase Australia's official development assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16. Estimated ODA to GNI in 2008-09 is 0.32 per cent. The Government expects to increase Australia's ODA to levels equivalent to 0.35 per cent of GNI in 2009-10, 0.37 per cent of GNI in 2010-11 and 0.38 per cent of GNI in 2011-12.

In 2008-09 the Government's commitment will be taken forward through a series of new policy measures in the areas of climate change, water and sanitation, avoidable blindness, humanitarian and reconstruction support for Iraq, and partnerships with effective UN organisations.

AusAID will take a leading role in putting in place Pacific Partnerships for Development, as outlined in the Prime Minister's March 2008 Port Moresby Declaration. These partnerships will provide a new framework for Australia and Pacific island nations to commit jointly to achieving improved development outcomes, on the basis of mutual respect and mutual responsibility. Early priorities in the Pacific will include health, education, infrastructure development, public sector capacity building and land administration.

AusAID will pay particular attention to the needs of the most vulnerable in the Pacific and elsewhere in the developing world. An initial focus of this work will be to address avoidable blindness through an increased investment in primary and secondary eye care. This work will be underpinned by a more comprehensive approach to disability in the region through the development of a disability strategy for the development assistance program.

AusAID will provide enhanced support to new partners including Iraq and Afghanistan in transition from conflict. Funding will support immediate humanitarian needs of refugees and vulnerable civilian populations and will be complemented by reconstruction efforts in areas such as basic education, health, infrastructure, agriculture, mine clearing and improved government administration.

AusAID, together with key humanitarian agencies, will continue support for emergency, humanitarian and refugee responses: to relieve humanitarian crises, address the needs of people displaced by conflict, promote reconstruction in countries emerging from conflict and improve preparedness.

In seeking to reduce poverty in developing country partners AusAID will work to improve the provision of basic services to enable communities to grow and participate fully in the development process. AusAID will implement increasing programs of assistance in basic infrastructure and will also commence implementation of a new multi-year program to improve access to adequate and safe water and sanitation in rural, peri-urban and urban communities.

AusAID will continue to expand support for health and education with an emphasis on primary health care and basic education needs. Addressing the spread of infectious diseases including HIV and malaria and strengthening the development of health systems will be priorities, as will work to improve basic education systems, improve school infrastructure and enhance vocational and technical training.

In cooperation with the Department of Climate Change, AusAID will significantly expand work on climate change and environment issues. Assistance will be provided to neighbouring island countries to build their capacity to deal with the impacts of climate change over the long-term. This will involve working with partner countries to formulate adaptation strategies and plans looking at key climate change vulnerabilities and risks. AusAID will also cooperate with the Department of Climate Change in the implementation of the Government's International Forest Carbon Initiative.

In the context of growing concerns about global food security AusAID will take a lead role in planning increased Australian development assistance to address the root causes of food insecurity in partner developing countries, including through programs to enhance productivity and market development.

AusAID will ensure the effectiveness of the development assistance program will continue to be enhanced in 2008-09, including by responding to findings of the 2007 Annual Review of Development Effectiveness relating to: broadening Australia's engagement with fragile states, increasing support to reform in the larger economies of Asia, enhancing the performance orientation of aid, increasing the effectiveness of technical assistance and improving gender equality.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: AusAID resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs ⁵	16,848 ⁴	129,394 ¹	146,242	108,494
s31 Relevant agency receipts ³		231	231	229
Total	16,848	129,625	146,473	108,723
Administered expenses				
Outcome 1	1,883,272 ⁶	2,714,376 ¹	4,597,648	2,226,495
Outcome 2	-	4,386 ¹	4,386	4,482
Total	1,883,272	2,718,762	4,602,034	2,230,977
Total ordinary annual services	A 1,900,120	2,848,387	4,748,507	2,339,700
Other services				
Administered Revenue⁷				
Outcome 1	-	17,883	17,883	5,876
Administered expenses				
Specific payments to States, Act, NT and local government				
Total	-	-	-	-
New administered expenses				
Total	-	-	-	-
Departmental non-operating				
Equity injections	-	1,520 ²	1,520	2,093
Previous years' outputs	-	-	-	-
Total	-	1,520	1,520	2,093
Administered non-operating				
Administered Assets and Liabilities	466,400	260,547 ²	726,947	480,640
Total	466,400	260,547	726,947	480,640
Total other services	B 466,400	279,950	746,350	488,609
Total Available Annual Appropriations	2,366,520	3,128,337	5,494,857	2,828,309
Special Appropriations				
Special Appropriations limited by criteria/entitlement	-	-	-	-
Special Appropriations limited by amount	-	-	-	-
Total Special Appropriations	C -	-	-	-
Total Appropriations excluding Special Accounts	2,366,520	3,128,337	5,494,857	2,828,309

Table 1.1: AusAID resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Special Accounts⁸				
Opening balance	516,941		516,941	734,726
Appropriation Receipts	-	-	-	-
Appropriation Receipts - other agencies	-	-	-	-
Non-Appropriation receipts to Special Accounts	-	10,000	10,000	15,527
Total Special Account	D 516,941	10,000	526,941	750,253
Total resourcing				
A+B+C+D				
Less appropriations drawn from annual or special appropriations above and credited to special accounts				
Total net resourcing for AusAID			6,021,798	3,578,562

1. Appropriation Bill (No.1) 2008-09.
 2. Appropriation Bill (No.2) 2008-09.
 3. s31 Relevant Agency receipts — estimate.
 4. Estimated adjusted balance carried forward from previous year for Departmental Annual Appropriations.
 5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as the budget reflects the estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.
 6. Estimated adjusted balance carried forward from previous years for Administered Annual Appropriations. This relates to amounts appropriated in previous years for multilateral replenishments. The full amounts of these replenishments are appropriated in the year the commitment is entered into, with cash payments usually made over a nine to ten year period.
 7. The majority of this funding relates 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 and will be returned to the Official Public Account (OPA).
 8. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.
- Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to AusAID are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant outcomes associated with each measure.

Table 1.2: AusAID 2008-09 Budget measures

	Outcomes	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
Tackling Climate Change - adaptation to climate change¹					
	1				
Administered expense		18,803	48,000	63,600	-
Departmental outputs		1,452	1,363	1,383	-
Overseas development assistance - access to clean water and effective sanitation					
	1				
Administered expense		7,498	97,374	190,123	-
Departmental outputs		502	2,023	1,877	-
Overseas development assistance - fighting avoidable blindness²					
	1				
Administered expense		-	-	-	-
Overseas development assistance - United Nations Partnership for the Millennium Development Goals¹					
	1				
Administered expense		6,000	40,000	60,000	90,000
Overseas development assistance - investing in Pacific public sector capacity¹					
	1				
Administered expense		3,800	26,200	32,700	37,200
Departmental outputs		342	1,492	1,392	1,415
Overseas development assistance - Pacific land program¹					
	1				
Administered expense		3,500	8,000	16,000	21,000
Departmental outputs		833	789	800	813
Overseas development assistance - Pacific region infrastructure facility					
	1				
Administered expense		5,000	30,000	40,000	50,000
Departmental outputs		453	457	461	466

Prepared on a Government Financial Statistics basis.

Table 1.2: AusAID 2008-09 Budget measures (continued)

	Outcomes	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures (cont.)					
Overseas development assistance - Iraq humanitarian and reconstruction assistance					
	1				
Administered expense		59,384	39,379	39,374	-
Departmental outputs		616	621	626	-
Overseas development assistance - World Food Program Emergency Appeal - contribution					
	1				
Administered expense		22,500	-	-	-
Overseas development assistance - Asian Development Fund replenishment³					
	1				
Administered expense		9,570	-	-	-
Overseas development assistance - Australia's contribution to international debt relief⁴					
	1				
Administered expense		69,310	-	-	-
Overseas development assistance - emergency and humanitarian relief⁵					
	1				
Administered expense		-	-	-	-
Total expense measures					
	Administered	205,365	288,953	441,797	198,200
	Departmental	4,198	6,745	6,539	2,694
	Total	209,563	295,698	448,336	200,894

Prepared on a Government Financial Statistics basis.

Table 1.2: AusAID 2008-09 Budget measures (continued)

		2008-09	2009-10	2010-11	2011-12
Outcomes		\$'000	\$'000	\$'000	\$'000
Capital measures					
Tackling Climate Change - adaptation to climate change¹					
Departmental capital	1	399	-	-	-
Overseas development assistance - access to clean water and effective sanitation					
Departmental capital	1	-	603	-	-
Overseas development assistance - investing in Pacific public sector capacity					
Departmental capital	1	-	399	-	-
Overseas development assistance - Pacific land program					
Departmental capital	1	200	-	-	-
	Administered	-	-	-	-
Total capital measures	Departmental	599	1,002	-	-
	Total	599	1,002	-	-

Prepared on a Government Financial Statistics basis.

1. This measure includes funding absorbed from within the existing resources of the development assistance program in 2008-09 (refer to Budget Paper No. 2 for detail).
2. This measure has been absorbed from within the existing resources of the development assistance program.
3. The Government will provide an additional \$38.280 million funding for this measure. The contribution is expected to include both loan and grant components. The estimated effect on the fiscal balance (\$9.570 million) reflects an assumption on the relative proportion of the grant component of the additional funding. The balance reflecting the loan component (\$28.710 million) does not impact on fiscal balance as the provision of a loan only affects the composition of the Australian Government investment in financial assets.
4. The Government will provide \$73.110 million in additional funding for this measure. The contribution is expected to include both loan and grant components. The estimated effect on the fiscal balance (\$69.310 million) reflects an assumption on the relative proportion of the grant component of the additional funding. The balance reflecting the loan component (\$3.800 million) does not impact on fiscal balance as the provision of a loan only affects the composition of the Australian Government investment in financial assets.
5. This measure has been absorbed from within the existing resources of the development assistance program.

Note: The impact of the 2008-09 Budget measure *Efficiency Dividend* was published in the 2007-08 Foreign Affairs and Trade Portfolio Additional Estimates Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the outputs which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of AusAID in achieving Government outcomes.

2.1.1 Outcome 1: To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest.

Outcome 1 Strategy

As highlighted in the Strategic Direction for the Agency, AusAID will, in 2008-09, advance the Government's objective of assisting developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. Australia will help developing country partners expand economic activity to create jobs and raise incomes, combat disease and improve nutrition, raise basic educational attainment, and improve the responsiveness and accountability of the state in meeting citizens' basic needs.

In 2008-09 AusAID will commence implementation of the Government's long-term commitment to increase Australia's official development assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16. Estimated ODA to GNI in 2008-09 is 0.32 per cent. The Government expects to increase Australia's ODA to levels equivalent to 0.35 per cent of GNI in 2009-10, 0.37 per cent of GNI in 2010-11 and 0.38 per cent of GNI in 2011-12.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for Outcome 1

		2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Outcome 1:			
Administered Items:			
Annual Appropriation Bill 1	B1	2,714,376	2,226,495
Annual Appropriation Bill 2	B2	260,547	480,640
Departmental Outputs			
Output 1.1 - Policy	B1	23,722	19,681
Output 1.2 - Program Management	B1	99,190	82,295
Equity injections	B2	1,520	2,093
Revenues from other sources (s.31)		231	229
Special Accounts			
Services for Other Governments and Non-Agency bodies			
Opening balance		2,154	3,681
Appropriation receipts		-	-
Non-Appropriation receipts to Special Accounts		10,000	15,527
Special Accounts			
Other Trust Moneys Account			
Opening balance		-	-
Subtotal for Outcome 1		3,111,740	2,830,641
Total resources for Outcome 1		3,111,740	2,830,641

	2008-09	2007-08
Average staffing level (number)	575	556

(B1) – Annual Appropriation Bill 1 (Ordinary Annual Services)

(B2) – Annual Appropriation Bill 2 (Other Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

AusAID provides policy advice and analysis to the Government on international development issues. AusAID also manages and monitors development assistance programs implemented in accordance with the policies of the Government and priorities of partner countries.

For detail in regards to official development assistance flows and further detail on the implementation of the new measures designed to take forward the Government’s development assistance priorities, please refer to the associated budget paper “Australia’s International Development Assistance Program 2008-09 – Statement by Minister for Foreign Affairs and Parliamentary Secretary for International Development Assistance.”

The Australian development assistance program is made up of over 1,000 different activities. The term ‘activity’ describes the individual components – such as projects, multi-donor sector support programs, and technical advisers. An activity generally has its own budget, and a set of explicit objectives. Larger activities will often have their own management team. Activity quality is assessed through a quality reporting system (QRS) and an independent completion report (ICR). QRS ratings are based on self assessments by activity managers, which are verified by line managers and subjected to peer review.

The QRS provides activity-level reporting at all stages of the activity cycle: at entry, during implementation and at completion. The QRS rates several quality principles, notably the extent to which objectives are likely to be, are being, or have been met; sustainability; and the adequacy of monitoring and evaluation systems.

The QRS rates activities on a six-point scale from very poor to very high quality. Activities rated four or higher are considered satisfactory. This includes activities that are of adequate quality but need improvement. Activities rated below adequate (three or less) are considered unsatisfactory.

The QRS also generates information that can be used to assess activity quality by sector and country.

For further detail in regard to the effectiveness of the aid program, please refer to the Annual Review of Development Effectiveness 2007.

Outcome 1:	
Country and Regional Programs	
Key Performance Indicators	2008-09 Target
Significant development results. Significant activity outputs.	At least 75 per cent of activities receive a satisfactory quality rating.

Outcome 1 (continued)	
Multilateral Organisations	
Key Performance Indicators	2008-09 Target
Organisations' significant outputs. Significant development results.	At least 75 per cent of organisations receive a satisfactory quality rating.
Global Programs	
Key Performance Indicators	2008-09 Target
Organisations' significant outputs. Significant development results.	At least 75 per cent of organisations receive a satisfactory quality rating.
Emergency, Humanitarian and Refugee Programs	
Key Performance Indicators	2008-09 Target
Organisations significant outputs.	At least 75 per cent of activities receive a satisfactory quality rating.
NGO and Volunteer Programs	
Key Performance Indicators	2008-09 Target
Significant organisation outputs.	At least 75 per cent of activities receive a satisfactory quality rating.
Information, Education and Communication Programs	
Key Performance Indicators	2008-09 Target
Increased awareness of and support for, Australia's international development assistance program among international, rural, regional and metropolitan audiences.	Significantly increased correspondence on Australia's development assistance program; Wider coverage of media releases and events in Australia and in partner countries; Increased average monthly number of visits on the website.

Outcome 1 (continued)	
Policy	
Key Performance Indicators	2008-09 Target
Ministerial and Parliamentary Secretary satisfaction.	Delivery of all documents to ministerial deadlines; Zero error rate in documents submitted to parliamentary offices; Highest quality support services to the expectation of the Parliamentary Secretary and Minister.
Program Management	
Key Performance Indicators	2008-09 Target
Implementation of Paris Declaration on Aid Effectiveness covering partner country ownership, harmonisation, alignment, mutual accountability and managing for results.	Demonstrable improvement in implementing Paris Declaration on Aid Effectiveness.

2.1.1 Outcome 2: Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development.

Outcome 2 Strategy

AusAID's second outcome reflects the Government's ongoing commitment to the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). The AIPRD is part of the overall Australian development assistance program managed by AusAID.

The AIPRD is funded through \$500 million in grants and \$500 million in highly concessional loan funds held in two special accounts. All of the \$1 billion in AIPRD funds has been committed to high priority reconstruction and development activities. The majority of Australian funded reconstruction activities in Aceh are due to be completed in 2008-09.

Civil works will commence in the concessional loan funded Eastern Indonesia National Road Improvement Project, with major packages scheduled for tendering in 2008-09. A further 1,000 schools are expected to be constructed or expanded by the

Government of Indonesia in 2008-09 under the grant and concessional loan funded Basic Education Program.

A review of the AIPRD will be conducted jointly by Australia and Indonesia in 2008-09.

Outcome 2 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 2.

Table 2.1: Total resources for Outcome 2

		2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Outcome 2:			
Administered Items:			
AIPRD Supplementary Funding	B1	4,386	4,482
Departmental Outputs			
Output 2.1 - AIPRD Supplementary Funding	B1	6,482	6,518
Special Accounts			
Special Account Australia Indonesia Partnership for Reconstruction and Development (Grants)			
Opening balance		158,291	288,291
Appropriation receipts		-	-
Special Account Australia Indonesia Partnership for Reconstruction and Development (Loans)			
Opening balance		-	-
Appropriation receipts		356,496	442,754
Subtotal for Outcome 2		525,655	742,045
Total resources for Outcome 2		525,655	742,045

	2008-09	2007-08
Average staffing level (number)	25	27

(B1) – Annual Appropriation Bill 1 (Ordinary Annual Services)

(B2) – Annual Appropriation Bill 2 (Other Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 2

Australia-Indonesia Partnership for Reconstruction and Development	
Key Performance Indicators	2008-09 Target
Significant development results. Significant activity outputs.	At least 75 per cent of activities receive a satisfactory quality rating.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The AusAID Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	147,993
Less estimated payments on 2008-09	124,800
Estimated departmental operating appropriation carry-forward for 2009-10	23,193

3.1.2 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.2 shows the movement of administered funds approved since the 2007-08 Additional Estimates.

Table 3.1.2: Movement of administered funds between years

Movements of funding between years	\$'000
AIPRD loans (Outcome 2). Movement from 2007-08 to 2010-11	11,742
AIPRD loans (Outcome 2). Movement from 2008-09 to 2010-11	18,504
AIPRD loans (Outcome 2). Movement from 2009-10 to 2010-11	45,000

The Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) is funded through \$500 million in grants and \$500 million of highly concessional loans. The \$1 billion package was appropriated in 2004-05 through the *Portfolio Supplementary Additional Estimates Statements Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill* and was credited to two special accounts. This movement of funds does not constitute a movement of appropriation, rather it represents an estimated change in disbursement of funds over the current and forward years.

Funding for the \$300 million loan agreement for the Eastern Indonesia National Roads Improvement Project (EINRIP) is now expected to be disbursed over a longer time period than initially expected following Australia and Indonesia agreement to ensure quality design, construction, procurement, monitoring and accountability processes.

The EINRP Loan agreement was signed on 7 September 2007 and became effective on 4 March 2008. Civil works are expected to commence in 2008 with major packages scheduled for tendering in 2008-09.

As the above estimates variation relates to the loan component of AIPRD this does not impact on fiscal balance or underlying cash balances as the provision of a loan only affects the composition of the Australian Government investment in financial assets.

3.1.3 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* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by AusAID.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	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	2,154 3,681	10,000 14,000	10,000 15,527	- -	2,154 2,154
Other Trust Moneys Account (D) <i>Financial Management and Accountability Act 1997 s.20</i>	1	- -	- -	- -	- -	- -
Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	158,291 288,291	- -	100,000 130,000	- -	58,291 158,291
Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	356,496 442,754	- -	126,495 86,258	- -	230,001 356,496
Total special accounts 2008-09 Budget estimate		516,941	10,000	236,495	-	290,446
Total special accounts 2007-08 estimate actual		734,726	14,000	231,785	-	516,941

(A) = Administered

(D) = Departmental

3.1.4 Australian Government Indigenous Expenditure (AGIE)

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome 1	Appropriations				Other \$'000	Total \$'000	Outcome 1
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	AusAID						
Outcome 1							
Departmental 2008-09	46,260	0	0	46,260	0	46,260	1
Departmental 2007-08	22,805	0	0	22,805	0	22,805	1
Total Outcome 2008-09	46,260	0	0	46,260	0	46,260	1
Total Outcome 2007-08	22,805	0	0	22,805	0	22,805	1
Total AGIE 2008-09	46,260	0	0	46,260	0	46,260	1
Total AGIE 2007-08	22,805	0	0	22,805	0	22,805	1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

In accordance with ABS GFS requirements, the budget financial statements do not recognise concessionality and the associated discounting of concessional loans. AAS requires concessional loans to reflect a market related rate of interest and be discounted over the loan maturity period. AusAID has three programs that are affected by this treatment:

- Australia-Indonesia Partnership for Reconstruction and Development - loans;
- Asian Development Fund replenishments - investment component;
- International Development Association replenishments - investment component.

The loans and investment components do not impact on the fiscal or underlying cash balances, as the provision of a loan only affects the composition of the Australian Government investment in financial assets.

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Budgeted departmental income statement

This statement provides a picture of the expected financial results for AusAID by identifying full accrual expenses and revenue.

Total income in 2008-09 is estimated to be \$129.7 million, an increase of \$20.9 million from the 2007-08 estimated actual. The increase is primarily as a result of:

- Increased appropriation for new measures (excluding capital funding) included in the 2007-08 Budget and 2007-08 Additional Estimates; and
- Increased appropriation for new measures (excluding capital funding) included in the 2008-09 Budget (refer to Table 1.2 for detail).

Total expenses are estimated to be \$129.7 million, an increase of \$23.5 million from the 2007-08 estimated actual. The increase is primarily due to costs associated with managing increased numbers of development initiatives.

AusAID is managing its departmental budget to achieve a small surplus in 2007-08 to fund additional capital investments.

Budgeted departmental balance sheet

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 \$24.2 million represents an increase of \$1.5 million from the 2007-08 estimated actual net asset position. The increase is attributable to the capital injections related to new measures received through the 2008-09 Budget.

AusAID's most significant liability continues to be accrued employee entitlements, as a result of accruing leave entitlements. In 2008-09 this is estimated at \$18.1 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

This statement shows changes in equity resulting from the net impact of movements in accumulated results, asset revaluation and other reserves, and contributed equity. Total equity in 2008-09 is estimated to be \$21.7 million, an increase of \$1.5 million from the 2007-08 estimated actual.

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 schedule identifies the main revenues and expenses relating to the Australian Government's international development assistance program administered by AusAID.

In 2008-09 AusAID will receive administered appropriation of \$2,714.4 million (excluding capital funding) for programs administered on behalf of the Government, representing an increase of \$488 million from the 2007-08 estimated actual. The increase is primarily as a result of:

- Increased appropriation for new measures (excluding capital funding) included in the 2007-08 Budget and 2007-08 Additional Estimates; and
- New measures included in the 2008-09 Budget (Table 1.2 refers).

Administered expenses for 'Development assistance grants' are budgeted at \$530.0 million, an increase of \$59.0 million from the 2007-08 estimated actual.

Administered expenses for 'Other - development assistance program' are budgeted at \$2,300.8 million, an increase of \$412.0 million from the 2007-08 estimated actual.

The expenses 'Concessional loan discount' relates to AIPRD relates to the discounting of the loan. It is estimated that \$126.4 million of loans will be disbursed in 2008-09.

The expenses 'Concessional investment discount' relates to the discounting of the investment components of the replenishments for the International Development Association (IDA) and the Asian Development Fund (ADF).

Schedule of budgeted assets and liabilities administered on behalf of Government

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

Explanatory tables

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

- The reconciliation of AusAID's appropriation 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 appropriation estimates to its cash estimates.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	108,494	129,394	128,277	128,629	122,064
Goods and services	229	231	231	231	231
Total revenue	108,723	129,625	128,508	128,860	122,295
Gains					
Other	91	91	91	91	91
Total gains	91	91	91	91	91
Total income	108,814	129,716	128,599	128,951	122,386
EXPENSE					
Employees	73,750	84,991	83,560	83,270	78,899
Suppliers	27,128	39,242	39,356	39,998	37,804
Depreciation and amortisation	5,300	5,400	5,600	5,600	5,600
Write-down of assets and impairment of assets	75	83	83	83	83
Total expenses	106,253	129,716	128,599	128,951	122,386
Surplus (deficit) attributable to the Australian Government	2,561	0	0	0	0

Prepared on Australian Accounting Standards basis

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	527	527	527	527	527
Receivables	16,321	21,539	21,143	21,173	19,781
Total financial assets	16,848	22,066	21,670	21,700	20,308
Non-financial assets					
Leasehold improvements	18,400	18,747	19,442	19,442	19,442
Infrastructure, plant and equipment	5,713	5,821	6,036	6,036	6,036
Intangibles	4,324	4,406	4,569	4,569	4,569
Other	4,075	4,075	4,075	4,075	4,075
Total non-financial assets	32,512	33,049	34,122	34,122	34,122
Total assets	49,360	55,115	55,791	55,822	54,430
LIABILITIES					
Provisions					
Employees	18,060	20,398	20,054	19,985	18,936
Total provisions	18,060	20,398	20,054	19,985	18,936
Payables					
Suppliers	4,248	6,145	6,163	6,263	5,920
Other	4,322	4,322	4,322	4,322	4,322
Total payables	8,570	10,467	10,485	10,585	10,242
Total liabilities	26,630	30,865	30,539	30,570	29,178
Net assets	22,730	24,250	25,252	25,252	25,252
EQUITY*					
Parent entity interest					
Contributed equity	19,106	20,626	21,628	21,628	21,628
Reserves	374	374	374	374	374
Retained surpluses or accumulated deficits	3,250	3,250	3,250	3,250	3,250
Total parent entity interest	22,730	24,250	25,252	25,252	25,252
Total equity	22,730	24,250	25,252	25,252	25,252
Current assets	20,923	26,141	25,745	25,775	24,383
Non-current assets	28,437	28,974	30,047	30,047	30,047
Current liabilities	8,752	10,649	10,667	10,767	10,424
Non-current liabilities	8,208	8,113	8,219	8,219	8,219

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	229	231	231	231	231
Appropriations	108,466	122,656	127,672	128,598	123,457
Other	997	1,011	1,012	1,013	1,014
Total cash received	109,692	123,898	128,915	129,842	124,702
Cash used					
Employees	71,234	82,653	83,903	83,340	79,948
Suppliers	31,434	37,345	39,338	39,897	38,148
Borrowing costs	997	1,011	1,012	1,013	1,014
Total cash used	103,665	121,009	124,254	124,250	119,110
Net cash from or (used by) operating activities	6,027	2,889	4,661	5,592	5,592
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	8,513	4,802	6,056	5,985	5,985
Other	-	-	-	-	-
Total cash used	8,513	4,802	6,056	5,985	5,985
Net cash from or (used by) investing activities	(8,513)	(4,802)	(6,056)	(5,985)	(5,985)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,093	1,520	1,002	-	-
Total cash received	2,093	1,520	1,002	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	2,093	1,520	1,002	-	-
Net increase or (decrease) in cash held	(393)	(393)	(393)	(393)	(393)
Cash at the beginning of the reporting period	920	920	920	920	920
Cash at the end of the reporting period	527	527	527	527	527

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	3,250	374	-	19,106	22,730
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	3,250	374	0	19,106	22,730
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,520	1,520
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	1,520	1,520
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	3,250	374	-	20,626	24,250

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June 2009)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	730	1,831	3,446	4,913	-
Other sources of non-taxation revenue	5,876	17,883	4,538	4,811	5,099
Total non-taxation	6,606	19,714	7,984	9,724	5,099
Total revenues administered on behalf of Government	6,606	19,714	7,984	9,724	5,099
Total income administered on behalf of Government	6,606	19,714	7,984	9,724	5,099
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
IDA/ADF grants	116,600	83,195	-	78,751	-
Development assistance grants	354,513	447,165	293,764	272,336	330,952
Other - development assistance program	1,888,365	2,300,777	2,549,690	2,799,872	2,580,850
Depreciation and amortisation	1,498	1,499	1,500	1,500	1,500
Concessional loan discount	73,320	107,522	97,750	97,539	-
Concessional Investment discount	376,400	199,586	-	255,003	-
Total expenses administered on behalf of Government	2,810,696	3,139,744	2,942,704	3,505,001	2,913,302

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June 2009)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	21,904	21,904	21,904	21,904	21,904
AIPRD Loan Receivable	22,244	43,050	63,746	86,119	86,119
IDA/ADF Investments	1,278,000	1,331,801	1,331,801	1,391,800	1,391,800
Receivables	1,883,272	2,015,747	1,631,993	1,740,164	1,551,943
Total financial assets	3,205,419	3,412,501	3,049,443	3,239,986	3,051,765
Non-financial assets					
Leasehold improvements	2,152	1,558	963	368	368
Infrastructure, plant and equipment	2,473	1,848	1,231	615	615
Intangibles	156	251	346	441	536
Other	746	746	746	746	746
Total non-financial assets	5,527	4,403	3,286	2,170	2,265
Total assets administered on behalf of Government	3,210,946	3,416,904	3,052,729	3,242,156	3,054,030
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Liabilities					
IDA/ADF investments payable ¹	852,100	1,009,454	875,592	1,028,204	847,292
Other	879	7,982	2,354	2,667	2,669
Total liabilities	852,979	1,017,436	877,946	1,030,871	849,961
Provisions					
Other provisions	3,681	3,681	3,681	3,681	3,681
Total provisions	3,681	3,681	3,681	3,681	3,681
Payables					
Suppliers	139,400	148,950	144,880	164,295	165,972
Development assistance program payable	255,145	322,772	235,422	173,314	161,680
IDA/ADF grant payable	250,587	300,813	258,626	289,021	236,665
Total payables	645,132	772,535	638,928	626,630	564,317
Total liabilities administered on behalf of Government	1,501,792	1,793,652	1,520,555	1,661,182	1,417,959

Prepared on Australian Accounting Standards basis.

1. Note that the accounting treatment for IDA/ADF investments is currently being reviewed.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	61,911	75,280	84,436	92,828	86,830
Other	5,876	27,883	4,538	4,810	5,099
Total cash received	67,787	103,163	88,974	97,638	91,929
Cash used					
Grant payments	404,595	385,218	394,812	330,880	341,035
Development assistance program	2,200,176	2,615,761	2,881,654	2,909,093	2,589,959
Net GST paid	63,077	76,390	85,168	93,524	86,221
Total cash used	2,667,848	3,077,369	3,361,634	3,333,497	3,017,215
Net cash from or (used by) operating activities	(2,600,061)	(2,974,206)	(3,272,660)	(3,235,859)	(2,925,286)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	675	375	383	384	612
IDA/ADF Investments	224,883	93,917	131,699	160,331	169,667
Total cash used	225,558	94,292	132,082	160,715	170,279
Net cash from or (used by) investing activities	(225,558)	(94,292)	(132,082)	(160,715)	(170,279)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	63,077	76,390	85,168	93,524	86,221
Cash from capital injections	466,400	260,547	6,340	318,791	3,873
Total cash received	529,477	336,937	91,508	412,315	90,094
Cash used					
Net repayment of borrowings	61,911	75,280	84,436	92,828	86,830
Cash to Official Public Account	5,876	17,883	4,538	4,810	5,099
Total cash used	67,787	93,163	88,974	97,639	91,929
Net cash from or (used by) financing activities	(461,690)	(243,774)	(2,534)	(314,676)	1,835
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	21,904	21,904	21,904	21,904	21,904
Cash from Official Public Account for:					
- appropriations	2,296,301	2,595,693	3,015,485	3,210,357	3,096,534
- special accounts	231,785	236,495	120,540	117,154	2,154
Cash at end of reporting period	21,904	21,904	21,904	21,904	21,904

Prepared on Australian Accounting Standards basis.

Explanatory Table 1 – Reconciliation of AusAID appropriation to ODA

	Estimated Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000
Total AusAID appropriation:		
AusAID departmental income	106,253	129,625
AusAID administered income	2,697,377	2,972,147
less liabilities with no cash required in the year of the liability:		
New multiyear liabilities ¹	(617,813)	(476,742)
Other accrual adjustments ²	18,407	7,305
plus cash for GST		
GST - cash items with no corresponding expense	125,985	152,667
plus AIPRD		
AIPRD Loans	86,258	126,495
AIPRD Grants	120,000	130,000
plus cash for liability in a different year:		
Payments to existing multiyear liabilities ³	317,968	178,703
Total AusAID cash	2,854,435	3,220,200
minus AusAID ODA adjustments: ⁴		
AusAID non-ODA departmental expenditure	(1,682)	(1,684)
AusAID non-ODA administered expenditure	(4,392)	(4,527)
Offsetting receipts from previous years' expenditure	(5,876)	(17,883)
GST repaid to DoFD	(61,911)	(75,280)
GST paid to suppliers	(63,077)	(76,390)
plus non-AusAID ODA:		
ACIAR	51,242	51,892
Other Government Departments	400,511	563,523
Total Estimated ODA⁵	3,171,811	3,659,851

1. Estimated new multiyear liabilities for 2008–09 consist the tenth replenishment of the Asian Development Fund (ADFX), additional contributions to Debt Relief, the fifth replenishment for the Global Environment Facility (GEF5) and the seventh replenishment for the Montreal Protocol Multilateral Fund (MPMF7).

2. See Explanatory Table 3 for detail.

3. Cash payments for multiyear liabilities usually occur in a later year to the liability 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 2007-08 \$'000	Budget estimate 2008-09 \$'000
Total departmental cash used	112,178	125,811
Receipts under Section 31 of the FMA Act	(229)	(231)
Interest	-	-
GST repaid to DoFD	-	-
GST paid to suppliers	(997)	(997)
Fringe Benefits Tax adjustment	(1,453)	(1,453)
Total ODA-eligible AusAID Departmental cash	109,499	123,130
Total administered cash used ¹	2,745,950	3,095,386
Miscellaneous receipts ²	(5,876)	(17,883)
GST repaid to DoFD ³	(61,911)	(75,280)
GST paid to suppliers ³	(63,077)	(76,390)
AusAID non ODA eligible expenditure ⁴	(4,527)	(4,527)
Total ODA-eligible AusAID Administered cash	2,610,559	2,921,306
ACIAR	51,242	51,892
Other Government Departments	400,511	563,523
Non AusAID ODA	451,753	615,415
Total Estimated ODA⁵	3,171,811	3,659,851

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 appropriation to cash

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000
Price of Outputs	108,723	129,625
Operating surplus/(loss)	2,561	-
Departmental expenses	106,253	129,625
Depreciation and amortisation	(5,300)	(5,400)
Investment	8,513	4,802
Net change in employee liabilities	(730)	(622)
Net change in supplier liabilities/prepayments	(143)	767
Resources supplied free of charge (other gains)	(91)	(91)
GST repaid to DoFD	-	-
GST paid to suppliers	997	997
Departmental cash used	109,499	130,078
Administered appropriation after operating loss		
Operating Loss	-	-
Administered appropriation after operating loss	2,697,377	2,972,147
New multiyear liabilities	(617,813)	(476,742)
Cash spent on existing and new multiyear liabilities:		
Annual Appropriation	303,728	171,542
Capital injection	14,240	7,161
AIPRD Loans	86,258	126,495
AIPRD Grants	130,000	100,000
Depreciation	(1,498)	(1,498)
Investment	675	675
GST repaid to DoFD	61,911	75,280
GST paid to suppliers	63,077	76,390
Net change in ordinary creditors and accruals	5,250	(9,550)
Administered cash used (excluding payments to OPA)	2,743,205	3,041,900

3.2.4 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.

Asset valuation

In accordance with current Australian accounting standards and the Finance Minister's Orders the department's assets are carried at fair value.