



PORTFOLIO BUDGET STATEMENTS 2005-06

EDUCATION, SCIENCE AND TRAINING PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

BUDGET RELATED PAPER NO. 1.5

2005-06 BUDGET PAPERS

Budget Speech

- No. 1 Budget Strategy and Outlook 2005-06
Contains information on the economic and financial outlook, together with information on the fiscal strategy.
- No. 2 Budget Measures 2005-06
Provides a comprehensive statement on the budget expense, revenue and capital measures in the 2005-06 Budget.
- No. 3 Federal Financial Relations 2005-06
Provides information on the Australian Government's financial relations with the States, Territories and local government.
- No. 4 Agency Resourcing 2005-06
Contains information on resourcing for Australian Government agencies (including the Appropriation Bills Nos. 1 and 2 and the Appropriation (Parliamentary Departments) Bill No. 1).

2005-06 BUDGET RELATED PAPERS

- No. 1 Portfolio Budget Statements
Detailed information on the expected financial position of each Australian Government agency for 2005-06.

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MINISTER FOR EDUCATION, SCIENCE AND TRAINING
THE HON DR BRENDAN NELSON MP

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

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

Dear Mr President
Dear Mr Speaker

2005-06 PORTFOLIO BUDGET STATEMENTS

I hereby submit Portfolio Budget Statements in support of the 2005-06 Budget for the Education, Science and Training Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio. They also cover the purpose of portfolio budget measures.

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

Yours sincerely

A handwritten signature in black ink that reads 'Brendan Nelson'. The signature is written in a cursive style with a large initial 'B' and 'N'.

BRENDAN NELSON

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**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

Purpose of the Portfolio Budget Statements

The purpose of the 2005-06 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations bills, special appropriations, standing appropriations (including special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2005-06 (or Appropriation Bill [Parliamentary Departments] No. 1 2005-06 for the parliamentary departments). In this sense the PB Statements are officially Budget Related Papers and are declared by the Appropriation Bills to be 'relevant documents' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide sufficient information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under Section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates, accordingly, these entities are not reported in the PB Statements.

How to read the PB Statements

The PB Statements are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

User Guide to the Portfolio Budget Statements

An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.

Portfolio Overview

A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.

Agency Budget Statements

For each agency within the portfolio, a budget statement presented in five sections:

Section 1: Agency Overview	A brief overview of the agency.
Section 2: Agency resources	A reconciliation of agency resourcing information from the 2004-05 Mid-Year Economic and Fiscal Outlook to the 2005-06 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both administered and Departmental appropriations.
Section 3: Agency outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome, outputs and administered items, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated to their application to the agency's outputs and to administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the budget year, the previous year and three out-years.
Glossary	Explains key terms.

PB STATEMENTS ROAD MAP

Comprehensive information on all government decisions announced in the Budget are in *Budget Paper No. 2, Budget Measures 2005-06*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2005-06 Budget Measures.

The following chart shows the links between the Budget papers and the PB Statements.

Budget Paper	PB Statements equivalent
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	User Guide Portfolio Overview Portfolio structure Agency Budget Statements Section 1: Agency overview Section 2: Agency resources for 2005-06
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance	Agency Budget Statements Section 2: Agency resources for 2005-06
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	Agency Budget Statements Section 5: Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	Agency Budget Statements Section 2: Agency resources for 2005-06
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with states, territories and local government, in particular, Specific Purpose Payments (SPPs)	Agency Budget Statements Section 2: Agency resources for 2005-06 Section 3: Agency outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	Agency Budget Statements Section 2: Agency resources for 2005-06

Departmental and administered items

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 transactions 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

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

Administered items

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

Appropriations in the accrual budgeting framework

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

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to *Budget Paper No. 4: Agency Resourcing 2005-06*.

Calendar year funding

The education sector operates and is funded on a calendar year basis. However this is not consistent with the financial year recording and reporting timeframe adopted by the Australian Government and this timing difference in preparing financial year budgets creates assets and liabilities that were not previously recognised in cash budgets.

The net impact of this means that at the end of each financial year the Australian Government will record a liability (grants payable) and corresponding asset (appropriation receivable) for the second half of the calendar year.

Outcomes and outputs framework

The Portfolio Budget Statements report under the Australian Government's Outcomes and Outputs framework. Outcomes, administered items and outputs form the basis of the budgetary and performance reporting framework.

Performance information

Performance forecasts for each outcome are integrated into the outcome structure and are presented for each Agency in the Agency Budget Statements section of this document. Performance information for both Administered Items and Departmental Outputs is presented where applicable. For portfolio agencies which do not have Administered Expenses performance information for Departmental Outputs only is presented. Generally, performance information centres on measures of effectiveness, quality and quantity.

A number of the performance indicators presented in this publication relate to measures which, while relevant to the objectives of Australian Government funded programmes, are subject to influence not only by the performance of the Portfolio but also by actions of other parties. For example, the decisions taken by State and Territory Governments will affect the achievement of the Australian Government's objectives in school education and vocational education and training; likewise, the employment prospects of graduates will depend in significant part on the prevailing state of general economic and labour market conditions (a matter well beyond the responsibilities of the Portfolio). Interpretation of progress against indicators presented here should have close regard to this consideration, and the need to weigh the respective contributions of different parties to the achievement of any given outcome.

Average staffing levels

The Portfolio uses resources flexibly to meet workload and emerging priorities throughout the year. For the Department and agencies which have more than one outcome, this means that staff may move between outcomes depending on the

User Guide

workload at the time. For this reason average staffing levels shown in the document for each outcome should be regarded as indicative only.

GST accounting treatment

Estimates are prepared consistent with GST accounting requirements, as outlined by the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST and revenues be accounted for net of GST payable. This means that the financial tables in this document, which generally reflect expenses, do not include any GST amounts.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2005-06 Budget year and each of the forward years from 2006-07 to 2008-09. The statements also include the estimated actual for 2004-05 for comparative purposes.

The schedules included in the budgeted financial statements for 2005-06 are as follows.

Statement/Schedule	Purpose
Budgeted Departmental Statement of Financial Performance	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted Departmental Statement of Financial Position	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted Departmental Statement of Cash Flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Departmental Capital Budget Statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental Property, Plant, Equipment and Intangibles — Summary of Movement	Shows budgeted acquisitions and disposals of non-financial assets during the budget year.
Schedule of Budgeted Revenues and Expenses administered on behalf of Government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of Budgeted Assets and Liabilities administered on behalf of Government	Shows the assets and liabilities administered on behalf of government.
Schedule of Budgeted Administered Cash Flows	Shows cash flows administered on behalf of government.
Schedule of Administered Capital Budget	Shows details of planned administered capital expenditure.
Schedule of Property, Plant, Equipment and Intangibles — Summary of movement	Discloses details of movements in administered non-financial assets.

Abbreviations and conventions

The following notation may be used:

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

The financial tables throughout the document contain outlays for both the 2004-05 and 2005-06 financial years. Figures in tables and in the text have been rounded (to the nearest thousand in most cases), some totals may be rounded additions of unrounded figures and all percentage calculations are also determined on the unrounded figures. Discrepancies in tables between totals and sums of components are thus due to rounding.