

## Section 3: Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2010-11. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

### 3.1: Explanatory Tables

#### 3.1.1: 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 3.1.1 shows the movement of administered funds approved since the 2009-10 Additional Estimates.

**Table 3.1.1: Movement of administered funds between years**

<b>Movement of funding between years</b>	<b>\$171.375m</b>
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Of the \$171.735 million of administered funds moved between 2009-10 and forward years, \$86.435 million is being reprofiled within the Residential Care program for the Zero Real Interest Loans initiative. \$12.926 million is being reprofiled within the Private Health Insurance (PHI) program due to delayed commencement of the PHI Incentives communication campaign. \$27.200 million in spending within the Health Infrastructure program was reprofiled to meet expected project requirements.

<b>Movements of funding between years</b>	<b>\$'000</b>
Chronic Disease - Early Detection and Prevention	8,100
Public Health	3,826
Community Pharmacy and Pharmaceutical Awareness	203
Pharmaceuticals and Pharmaceutical Services	216
Residential Care	90,791
Primary Care Financing, Quality and Access	6,000
Primary Care Policy, Innovation and Research	1,111
Aboriginal and Torres Strait Islander Health	7,077
Private Health Insurance	12,926
Chronic Disease - Treatment	4,000
e-Health Implementation	4,755
Health Infrastructure	27,200
Sport and Recreation	5,170
<b>Total</b>	<b>171,375</b>

### 3.1.2 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 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Department.

**Table 3.1.2: Estimates of special account cash flows and balances**

		Opening balance <b>2010-11</b> 2009-10	Appropriation Receipts <b>2010-11</b> 2009-10	Other Receipts <b>2010-11</b> 2009-10	Payments <b>2010-11</b> 2009-10	Closing balance <b>2010-11</b> 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Childhood Immunisation Register <sup>(A)</sup>	1	1,312 1,672	5,779 5,688	3,654 3,152	9,433 9,200	1,312 1,312
Health and Hospitals Fund Health Portfolio <sup>(A)</sup>	10	- -	- -	952,633 433,787	952,633 433,787	- -
Human Pituitary Hormones <sup>(A)</sup>	14	3,496 3,596	- -	- -	120 100	3,376 3,496
National Industrial Chemicals Notification and Assessment Scheme <sup>(D)</sup>	1	6,647 6,718	295 372	8,964 8,879	9,821 9,322	6,085 6,647
Office of Gene Technology Regulator <sup>(D)</sup>	1	5,324 5,311	8,017 8,028	381 397	8,398 8,412	5,324 5,324
Other Trust Moneys <sup>(S)</sup>	1	273 265	- -	1,556 1,506	1,548 1,498	281 273
Safety and Quality in Healthcare <sup>(A)</sup>	10	1,848 4,667	5,500 5,500	5,500 5,500	11,000 13,819	1,848 1,848
Services for Other Governments and Non Departmental Bodies <sup>(S)</sup>	Various	25,448 35,390	6,773 12,470	5,614 8,691	16,831 31,103	21,004 25,448
Sport and Recreation <sup>(A)</sup>	15	298 491	- -	546 397	550 590	294 298
Therapeutic Goods Administration <sup>(D)</sup>	1	33,584 34,894	1,445 1,852	104,974 101,322	106,163 104,484	33,840 33,584
<b>Total special accounts 2010-11 Estimate</b>		<b>78,230</b>	<b>27,809</b>	<b>1,083,822</b>	<b>1,116,497</b>	<b>73,364</b>
<i>Total special accounts 2009-10 estimate actual</i>		<i>93,004</i>	<i>33,910</i>	<i>563,631</i>	<i>612,315</i>	<i>78,230</i>

D Departmental

A Administered

S Special Public Money

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

Outcome	Appropriations			Total approp \$'000	Other \$'000	Total \$'000
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000			
<b>Department of Health and Ageing</b>						
<b>Outcome 1</b>						
Administered 2010-11	40,053	-	-	40,053	-	40,053
<i>Administered 2009-10</i>	16,336	-	-	16,336	-	16,336
Departmental 2010-11	3,444	-	-	3,444	-	3,444
<i>Departmental 2009-10</i>	2,328	-	-	2,328	-	2,328
Total Outcome 2010-11	43,498	-	-	43,498	-	43,498
<i>Total Outcome 2009-10</i>	18,664	-	-	18,664	-	18,664
<b>Outcome 2</b>						
Administered 2010-11	-	-	63,100	63,100	-	63,100
<i>Administered 2009-10</i>	-	-	46,225	46,225	-	46,225
Departmental 2010-11	-	-	254	254	-	254
<i>Departmental 2009-10</i>	-	-	440	440	-	440
Total Outcome 2010-11	-	-	63,354	63,354	-	63,354
<i>Total Outcome 2009-10</i>	-	-	46,665	46,665	-	46,665
<b>Outcome 3</b>						
Administered 2010-11	884	-	69,607	70,491	-	70,491
<i>Administered 2009-10</i>	872	-	48,261	49,133	-	49,133
Departmental 2010-11	-	-	-	-	-	-
<i>Departmental 2009-10</i>	-	-	-	-	-	-
Total Outcome 2010-11	884	-	69,607	70,491	-	70,491
<i>Total Outcome 2009-10</i>	872	-	48,261	49,133	-	49,133
<b>Outcome 4</b>						
Administered 2010-11	73,964	-	63,135	137,098	-	137,098
<i>Administered 2009-10</i>	73,630	-	58,687	132,317	-	132,317
Departmental 2010-11	20,220	-	-	20,220	-	20,220
<i>Departmental 2009-10</i>	17,652	-	-	17,652	-	17,652
Total Outcome 2010-11	94,184	-	63,135	157,318	-	157,318
<i>Total Outcome 2009-10</i>	91,282	-	58,687	149,970	-	149,970
<b>Outcome 5</b>						
Administered 2010-11	29,600	-	-	29,600	-	29,600
<i>Administered 2009-10</i>	18,808	-	-	18,808	-	18,808
Departmental 2010-11	2,107	-	-	2,107	-	2,107
<i>Departmental 2009-10</i>	4,301	-	-	4,301	-	4,301
Total Outcome 2010-11	31,707	-	-	31,707	-	31,707
<i>Total Outcome 2009-10</i>	23,109	-	-	23,109	-	23,109

**Table 3.1.3: Australian Government Indigenous Expenditure (cont.)**

<b>Outcome 6</b>						
Administered 2010-11	28,792	-	-	28,792	-	28,792
<i>Administered 2009-10</i>	<i>20,804</i>	-	-	<i>20,804</i>	-	<i>20,804</i>
Departmental 2010-11	832	-	-	832	-	832
<i>Departmental 2009-10</i>	<i>994</i>	-	-	<i>994</i>	-	<i>994</i>
Total Outcome 2010-11	29,624	-	-	29,624	-	29,624
<i>Total Outcome 2009-10</i>	<i>21,798</i>	-	-	<i>21,798</i>	-	<i>21,798</i>
<b>Outcome 7</b>						
Administered 2010-11	2,273	-	-	2,273	-	2,273
<i>Administered 2009-10</i>	<i>1,713</i>	-	-	<i>1,713</i>	-	<i>1,713</i>
Departmental 2010-11	-	-	-	-	-	-
<i>Departmental 2009-10</i>	-	-	-	-	-	-
Total Outcome 2010-11	2,273	-	-	2,273	-	2,273
<i>Total Outcome 2009-10</i>	<i>1,713</i>	-	-	<i>1,713</i>	-	<i>1,713</i>
<b>Outcome 8</b>						
Administered 2010-11	662,179	-	-	662,179	-	662,179
<i>Administered 2009-10</i>	<i>594,836</i>	-	-	<i>594,836</i>	-	<i>594,836</i>
Departmental 2010-11	61,311	-	-	61,311	-	61,311
<i>Departmental 2009-10</i>	<i>60,785</i>	-	-	<i>60,785</i>	-	<i>60,785</i>
Total Outcome 2010-11	723,490	-	-	723,490	-	723,490
<i>Total Outcome 2009-10</i>	<i>655,621</i>	-	-	<i>655,621</i>	-	<i>655,621</i>
<b>Outcome 10</b>						
Administered 2010-11	10,200	-	-	10,200	-	10,200
<i>Administered 2009-10</i>	<i>3,424</i>	-	-	<i>3,424</i>	-	<i>3,424</i>
Departmental 2010-11	816	-	-	816	-	816
<i>Departmental 2009-10</i>	<i>960</i>	-	-	<i>960</i>	-	<i>960</i>
Total Outcome 2010-11	11,016	-	-	11,016	-	11,016
<i>Total Outcome 2009-10</i>	<i>4,384</i>	-	-	<i>4,384</i>	-	<i>4,384</i>
<b>Outcome 11</b>						
Administered 2010-11	4,850	-	-	4,850	-	4,850
<i>Administered 2009-10</i>	<i>2,198</i>	-	-	<i>2,198</i>	-	<i>2,198</i>
Departmental 2010-11	-	-	-	-	-	-
<i>Departmental 2009-10</i>	-	-	-	-	-	-
Total Outcome 2010-11	4,850	-	-	4,850	-	4,850
<i>Total Outcome 2009-10</i>	<i>2,198</i>	-	-	<i>2,198</i>	-	<i>2,198</i>

Table 3.1.3: Australian Government Indigenous Expenditure (cont.)

<b>Outcome 12</b>						
Administered 2010-11	4,144	-	-	4,144	-	4,144
<i>Administered 2009-10</i>	4,382	-	-	4,382	-	4,382
Departmental 2010-11	625	-	-	625	-	625
<i>Departmental 2009-10</i>	946	-	-	946	-	946
Total Outcome 2010-11	4,769	-	-	4,769	-	4,769
<i>Total Outcome 2009-10</i>	5,328	-	-	5,328	-	5,328
<b>Outcome 13</b>						
Administered 2010-11	2,598	-	-	2,598	-	2,598
<i>Administered 2009-10</i>	960	-	-	960	-	960
Departmental 2010-11	375	-	-	375	-	375
<i>Departmental 2009-10</i>	502	-	-	502	-	502
Total Outcome 2010-11	2,973	-	-	2,973	-	2,973
<i>Total Outcome 2009-10</i>	1,462	-	-	1,462	-	1,462
<b>Outcome 14</b>						
Administered 2010-11	350	-	-	350	-	350
<i>Administered 2009-10</i>	510	-	-	510	-	510
Departmental 2010-11	78	-	-	78	-	78
<i>Departmental 2009-10</i>	60	-	-	60	-	60
Total Outcome 2010-11	428	-	-	428	-	428
<i>Total Outcome 2009-10</i>	571	-	-	571	-	571
<b>Outcome 15</b>						
Administered 2010-11	12,975	-	-	12,975	-	12,975
<i>Administered 2009-10</i>	9,405	-	-	9,405	-	9,405
Departmental 2010-11	-	-	-	-	-	-
<i>Departmental 2009-10</i>	-	-	-	-	-	-
Total Outcome 2010-11	12,975	-	-	12,975	-	12,975
<i>Total Outcome 2009-10</i>	9,405	-	-	9,405	-	9,405
Total administered 2010-11	872,862	-	195,841	1,068,703	-	1,068,703
<i>Total administered 2009-10</i>	747,878	-	153,173	901,051	-	901,051
Total departmental 2010-11	89,807	-	254	90,061	-	90,061
<i>Total departmental 2009-10</i>	88,529	-	440	88,969	-	88,969
<b>Total AGIE 2010-11</b>	<b>962,669</b>	-	-	<b>1,158,765</b>	-	<b>1,158,765</b>
<i>Total AGIE 2009-10</i>	<i>836,407</i>	-	-	<i>990,020</i>	-	<i>990,020</i>

## **3.2 Budgeted Financial Statements**

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental**

The departmental budgeted financial statements include the Department of Health and Ageing, the Therapeutic Goods Administration (TGA), the Office of Gene Technology Regulator (OGTR), and the National Industrial Chemicals Notification and Assessments Scheme (NICNAS).

#### **Comprehensive Income Statement**

The Department is expecting an operating deficit of, \$1.200 million in 2009-10 and a break-even position in the remaining forward years. The 2009-10 forecast operating deficit has been approved by the Minister for Finance and Deregulation.

Net cash appropriation arrangements have been implemented as part of the Operation Sunlight reform agenda to increase budget transparency and accountability through improving the levels of disclosure to Parliament regarding the use of appropriations, and encouraging more effective resource management practices with the release of funds to agencies as and when they are needed.

TGA and NICNAS, being cost recovery operations, are excluded from the net cash appropriation arrangements.

Net cash appropriation arrangements involve the cessation of funding for depreciation, amortisation and makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budgets (DCBs) for FMA Act Agencies.

To aid transparency of operating results as a result of this change, the Comprehensive Income Statement includes a reconciliation of operating result attributable to the Department by including non-appropriated depreciation and amortisation expenses.

#### **Income**

Revenues from sources other than Government are expected to increase steadily as a result of general price increases over the 2010-11 and forward years.

Appropriation revenues are in line with Government decisions. Measures for the 2010-11 Budget are reported in Table 1.3.1.

#### **Expenses**

Expenses are forecast to be generally consistent with income from Government and external sources.

Depreciation and amortisation charges are expected to increase in 2010-11 as a result of new capital measures reported in Table 1.3.1.

#### **Balance Sheet**

Infrastructure plant and equipment and computer software increases are primarily as a result of the 2010-11 Budget measures reported in Table 1.3.1.

Other assets and liabilities remain relatively stable across the forward estimates period.

## **Cash Flow**

Cash flows are consistent with projected income and expense, capital injections from Government and investments in property, plant and equipment.

## **Administered**

### **Schedule of Budgeted Income and Expenses**

#### **Income**

The major sources of revenue include: receipt of the Private Health Insurance Administration Council Levy; the Medical Indemnity Run Off Cover Scheme; and the Incurred But Not Reported Levy.

Revenue is expected to increase in future years due to the National Health and Hospitals Network Agreement.

#### **Subsidies**

Subsidies are expected to increase by \$559 million (8.1 per cent) from 2009-10 to 2010-11. Forward year growth is expected to average around 5.7 per cent.

#### **Grants**

Grants are expected to increase by \$1,260 million (25.1 per cent) from 2009-10 to 2010-11. This is due in part to new measures being implemented. Forward year growth is expected to average around 10.4 per cent.

#### **Personal Benefits**

Personal benefits are expected to increase by \$1,228 million (4.1 per cent) from 2009-10 to 2010-11. This is due to the increases in Medicare and the Pharmaceutical Benefits Scheme. Forward year growth is expected to average around 3.9 per cent.

### **Schedule of Budgeted Assets and Liabilities**

The Administered Balance Sheet primarily reports movements in liabilities, including accrued liabilities for unpaid amounts relating to: medical benefits; pharmaceutical benefits; and the private health insurance rebate at the end of the financial year. The Administered Balance Sheet also includes the National Medical Stockpile inventories and zero real interest loans to residential aged care providers.

### **Schedule of Administered Capital Budget**

The Department will receive \$37.4 million of additional capital funding in 2010-11 for the National Medical Stockpile.

### 3.2.3 Budgeted Financial Statements Tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>EXPENSES</b>					
Employee benefits	490,385	514,338	503,576	498,081	491,289
Supplier expenses	202,770	213,053	202,012	212,647	220,424
Depreciation and amortisation	18,847	18,376	36,255	41,991	44,350
<b>Total expenses</b>	<b>712,002</b>	<b>745,767</b>	<b>741,843</b>	<b>752,719</b>	<b>756,063</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	124,465	128,250	132,050	136,351	136,917
Interest	-	-	1,811	1,811	1,811
Other revenue	146	152	157	-	-
<b>Total revenue</b>	<b>124,611</b>	<b>128,402</b>	<b>134,018</b>	<b>138,162</b>	<b>138,728</b>
<b>Gains</b>					
Sale of assets	-	-	-	-	-
Other	1,020	900	900	900	900
<b>Total gains</b>	<b>1,020</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>
<b>Total own-source income</b>	<b>125,631</b>	<b>129,302</b>	<b>134,918</b>	<b>139,062</b>	<b>139,628</b>
<b>Net cost of (contribution by) services</b>	<b>586,371</b>	<b>616,465</b>	<b>606,925</b>	<b>613,657</b>	<b>616,435</b>
Revenue from Government	585,171	601,241	573,857	574,845	575,264
<b>Surplus (Deficit)</b>	<b>(1,200)</b>	<b>(15,224)</b>	<b>(33,068)</b>	<b>(38,812)</b>	<b>(41,171)</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>(1,200)</b>	<b>(15,224)</b>	<b>(33,068)</b>	<b>(38,812)</b>	<b>(41,171)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income					
<b>Total comprehensive income attributable to the Australian Government</b>	<b>(1,200)</b>	<b>(15,224)</b>	<b>(33,068)</b>	<b>(38,812)</b>	<b>(41,171)</b>



**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June) (cont.)**

<b>Note: Reconciliation of operating result attributable to the agency</b>					
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating result attributable to the Australian Government</b>	(1,200)	(15,224)	(33,068)	(38,812)	(41,171)
plus non-appropriated expenses deprn and amortisation expenses	-	15,224	33,068	38,812	41,171
<b>Operating result attributable to the Agency</b>	<b>(1,200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,404	2,772	2,772	2,772	2,772
Receivables	185,922	173,343	161,582	160,830	160,003
<b>Total financial assets</b>	<b>188,326</b>	<b>176,115</b>	<b>164,354</b>	<b>163,602</b>	<b>162,775</b>
<b>Non-financial assets</b>					
Land and buildings	94,294	90,691	84,089	84,931	77,137
Infrastructure, plant and equipment	12,212	85,707	110,281	104,140	102,228
Inventories	586	586	586	586	586
Intangibles	37,656	76,848	74,397	63,319	52,265
Other	10,747	10,747	10,747	10,747	10,747
<b>Total non-financial assets</b>	<b>155,495</b>	<b>264,579</b>	<b>280,100</b>	<b>263,723</b>	<b>242,963</b>
<b>Total assets</b>	<b>343,821</b>	<b>440,694</b>	<b>444,454</b>	<b>427,325</b>	<b>405,738</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	62,041	62,058	62,075	62,092	62,110
Other payables	29,447	29,447	29,447	29,447	29,447
<b>Total payables</b>	<b>91,488</b>	<b>91,505</b>	<b>91,522</b>	<b>91,539</b>	<b>91,557</b>
<b>Provisions</b>					
Employees	112,968	117,186	115,112	113,620	112,040
Other provisions	36,551	36,731	35,748	36,042	36,348
<b>Total provisions</b>	<b>149,519</b>	<b>153,917</b>	<b>150,860</b>	<b>149,662</b>	<b>148,388</b>
<b>Total liabilities</b>	<b>241,007</b>	<b>245,422</b>	<b>242,382</b>	<b>241,201</b>	<b>239,945</b>
<b>Net Assets</b>	<b>102,814</b>	<b>195,272</b>	<b>202,072</b>	<b>186,124</b>	<b>165,793</b>
<b>EQUITY</b>					
Contributed equity	71,372	179,054	218,922	241,786	262,626
Reserves	11,538	11,538	11,538	11,538	11,538
Retained surpluses or accumulated deficits	19,904	4,680	(28,388)	(67,200)	(108,371)
<b>Total equity</b>	<b>102,814</b>	<b>195,272</b>	<b>202,072</b>	<b>186,124</b>	<b>165,793</b>

**Table 3.2.3: Budgeted Departmental statement of changes in equity — summary of movement (Budget year 2010-11)**

	<b>Retained surplus</b>	<b>Asset revaluation reserve</b>	<b>Other reserves</b>	<b>Contributed equity/capital</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	<b>19,904</b>	<b>11,538</b>	-	<b>71,372</b>	<b>102,814</b>
Surplus (deficit) for the period	(15,224)	-	-	-	<b>(15,224)</b>
Contribution / (Distribution) of Equity	-	-	-	99,959	<b>99,959</b>
Appropriation (departmental capital budget)	-	-	-	7,723	<b>7,723</b>
<b>Estimated closing balance as at 30 June 2011</b>	<b>4,680</b>	<b>11,538</b>	-	<b>179,054</b>	<b>195,272</b>

**Table 3.2.4: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	127,631	128,085	131,948	136,350	136,917
Appropriations	643,691	638,485	610,623	600,839	601,676
Interest	-	-	1,811	1,811	1,811
Net GST received	26,861	33,994	25,385	23,705	24,279
Other cash received	3,146	3,152	3,157	3,000	3,000
<b>Total cash received</b>	<b>801,329</b>	<b>803,716</b>	<b>772,924</b>	<b>765,705</b>	<b>767,683</b>
<b>Cash used</b>					
Employees	489,741	513,120	508,650	502,573	495,869
Suppliers	193,942	211,956	202,078	211,436	219,200
Borrowing costs	-	-	-	-	-
Net GST paid	26,861	33,994	25,385	23,705	24,279
Cash to OPA	24,300	24,500	24,903	25,241	25,585
<b>Total cash used</b>	<b>734,844</b>	<b>783,570</b>	<b>761,016</b>	<b>762,955</b>	<b>764,933</b>
<b>Net cash from (or used by) operating activities</b>	<b>66,485</b>	<b>20,146</b>	<b>11,908</b>	<b>2,750</b>	<b>2,750</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	74,666	127,460	51,776	25,614	23,590
<b>Total cash used</b>	<b>74,666</b>	<b>127,460</b>	<b>51,776</b>	<b>25,614</b>	<b>23,590</b>
<b>Net cash from (or used by) investing activities</b>	<b>(74,666)</b>	<b>(127,460)</b>	<b>(51,776)</b>	<b>(25,614)</b>	<b>(23,590)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	6,410	107,682	39,868	22,864	20,840
<b>Total cash received</b>	<b>6,410</b>	<b>107,682</b>	<b>39,868</b>	<b>22,864</b>	<b>20,840</b>
<b>Cash used</b>					
Repayments of debt (including finance lease principal)	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other cash used	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from (or used by) financing activities</b>	<b>6,410</b>	<b>107,682</b>	<b>39,868</b>	<b>22,864</b>	<b>20,840</b>
<b>Net increase (or decrease) in cash held</b>	<b>(1,771)</b>	<b>368</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	4,175	2,404	2,772	2,772	2,772
<b>Cash at the end of the reporting period</b>	<b>2,404</b>	<b>2,772</b>	<b>2,772</b>	<b>2,772</b>	<b>2,772</b>

Table 3.2.5: Capital budget statement – Department

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	-	7,723	3,985	4,484	4,484
Equity injections - Bill 2	7,093	99,959	35,883	18,380	16,356
Appropriations of previous year accrued revenue	3,236	-	-	-	-
Special appropriations	-	-	-	-	-
<b>Total capital appropriations</b>	<b>10,329</b>	<b>107,682</b>	<b>39,868</b>	<b>22,864</b>	<b>20,840</b>
<b>Total new capital appropriations</b>					
<b>Represented by:</b>					
Purchase of non-financial assets	7,093	107,682	39,868	22,864	20,840
Other	3,236	-	-	-	-
<b>Total represented by</b>	<b>10,329</b>	<b>107,682</b>	<b>39,868</b>	<b>22,864</b>	<b>20,840</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	10,371	116,667	44,871	18,380	16,356
Funded by capital appropriation - DCB <sup>1</sup>	-	7,723	3,985	4,484	4,484
Funded internally from departmental resources <sup>2</sup>	64,295	3,070	2,920	2,750	2,750
<b>Total acquisitions of non-financial assets</b>	<b>74,666</b>	<b>127,460</b>	<b>51,776</b>	<b>25,614</b>	<b>23,590</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	74,666	127,460	51,776	25,614	23,590
<b>Total cash used to acquire assets</b>	<b>74,666</b>	<b>127,460</b>	<b>51,776</b>	<b>25,614</b>	<b>23,590</b>

<sup>1</sup> Does not include annual finance lease costs. Includes purchase from current and previous years Departmental Capital Budgets (DCB).

<sup>2</sup> Includes the following sources of funding:  
 -annual and prior year appropriations;  
 -donations and contributions;  
 -gifts;  
 -finance leases;  
 -internally developed assets;  
 -s31 relevant agency receipts (for FMA agencies only); and  
 -proceeds from the sale of assets.

**Table 3.2.6: Statement of asset movements (2010-11) – Departmental**

	Land	Buildings	Other infrastructure, plant & equipment	Intangibles	Other non- financial assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2010</b>						
Gross book value	-	109,531	16,085	97,289	-	222,905
Accumulated depreciation/amortisation	-	15,237	3,873	59,633	-	78,743
<b>Opening net book balance</b>	<b>-</b>	<b>94,294</b>	<b>12,212</b>	<b>37,656</b>	<b>-</b>	<b>144,162</b>
<b>CAPITAL ASSET ADDITIONS</b>						
<b>Estimated expenditure on new or replacement assets</b>						
By purchase - appropriation						
equity	-	2,705	73,039	40,923	-	116,667
Dept Capital Budget	-	1,174	1,057	5,492	-	7,723
Internally funded	-	100	770	2,200	-	3,070
<b>Sub-total</b>	<b>-</b>	<b>3,979</b>	<b>74,866</b>	<b>48,615</b>	<b>-</b>	<b>127,460</b>
<b>Other movements</b>						
Depreciation/amortisation expense	-	7,582	1,371	9,423	-	18,376
Disposals	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>as at 30 June 2010</b>						
Gross book value	-	113,510	90,951	145,904	-	350,365
Accumulated depreciation/amortisation	-	22,819	5,244	69,056	-	97,119
<b>Closing net book balance</b>	<b>-</b>	<b>90,691</b>	<b>85,707</b>	<b>76,848</b>	<b>-</b>	<b>253,246</b>

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	26,036	26,036	26,036	26,036	26,036
<b>Total taxation</b>	<b>26,036</b>	<b>26,036</b>	<b>26,036</b>	<b>26,036</b>	<b>26,036</b>
<b>Non-taxation</b>					
Interest	728	3,638	10,758	15,215	14,865
Other sources of non-taxation revenues	445,386	484,924	820,368	859,334	906,574
<b>Total non-taxation</b>	<b>446,114</b>	<b>488,562</b>	<b>831,126</b>	<b>874,549</b>	<b>921,439</b>
<b>Total revenues administered on behalf of Government</b>	<b>472,150</b>	<b>514,598</b>	<b>857,162</b>	<b>900,585</b>	<b>947,475</b>
<b>Gains</b>					
Other gains	16,737	-	-	-	-
<b>Total gains administered on behalf of Government</b>	<b>16,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income administered on behalf of Government</b>	<b>488,887</b>	<b>514,598</b>	<b>857,162</b>	<b>900,585</b>	<b>947,475</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	132,023	149,963	179,773	177,001	178,435
Grants	5,019,010	6,278,522	8,343,949	8,471,715	8,450,543
Subsidies	6,943,218	7,502,479	7,926,903	8,360,453	8,873,485
Personal benefits	29,711,810	30,939,841	31,121,457	32,688,518	34,654,375
Write down and impairment of assets	81,113	103,573	139,725	3,791	27,918
Concessional Loan Discount	16,329	128,408	96,715	-	-
<b>Total expenses administered on behalf of Government</b>	<b>41,903,503</b>	<b>45,102,786</b>	<b>47,808,522</b>	<b>49,701,478</b>	<b>52,184,756</b>

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	82,299	82,299	82,299	82,299	82,299
Receivables	165,816	343,846	465,495	453,681	436,107
Investments	276,551	276,851	276,851	276,851	276,851
<b>Total financial assets</b>	<b>524,666</b>	<b>702,996</b>	<b>824,645</b>	<b>812,831</b>	<b>795,257</b>
<b>Non-financial assets</b>					
Land and Buildings	28,915	28,915	28,915	28,915	28,915
Inventories	371,856	305,583	165,858	162,067	134,149
<b>Total non-financial assets</b>	<b>400,771</b>	<b>334,498</b>	<b>194,773</b>	<b>190,982</b>	<b>163,064</b>
<b>Total assets administered on behalf of Government</b>	<b>925,437</b>	<b>1,037,494</b>	<b>1,019,418</b>	<b>1,003,813</b>	<b>958,321</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Loans	17,800	17,800	17,800	17,800	17,800
<b>Total interest bearing liabilities</b>	<b>17,800</b>	<b>17,800</b>	<b>17,800</b>	<b>17,800</b>	<b>17,800</b>
<b>Payables</b>					
Suppliers	388	388	388	388	388
Subsidies	41,787	40,501	39,215	37,929	36,643
Personal benefits payable	1,986,761	2,096,289	2,138,449	2,290,980	2,462,591
Grants	652,495	689,877	722,458	755,459	791,260
<b>Total payables</b>	<b>2,681,431</b>	<b>2,827,055</b>	<b>2,900,510</b>	<b>3,084,756</b>	<b>3,290,882</b>
<b>Total liabilities administered on behalf of Government</b>	<b>2,699,231</b>	<b>2,844,855</b>	<b>2,918,310</b>	<b>3,102,556</b>	<b>3,308,682</b>



Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	26,036	26,036	26,036	26,036	26,036
Interest	728	3,638	20,792	25,869	25,241
Net GST received	335,377	340,577	341,303	337,119	316,728
Other	853,190	1,433,153	1,730,355	1,324,721	1,017,242
<b>Total cash received</b>	<b>1,215,331</b>	<b>1,803,404</b>	<b>2,118,486</b>	<b>1,713,745</b>	<b>1,385,247</b>
<b>Cash used</b>					
Grant payments	5,090,513	6,240,790	8,311,366	8,438,713	8,414,742
Subsidies paid	6,944,504	7,503,765	7,928,190	8,361,739	8,874,771
Personal benefits	29,548,490	30,830,663	31,079,298	32,535,988	34,482,764
Suppliers	332,965	187,263	179,773	177,001	178,435
Cash to the Official Public Account	446,060	519,457	864,860	914,261	969,443
Net GST paid	335,377	340,577	341,303	337,119	316,728
<b>Total cash used</b>	<b>42,697,909</b>	<b>45,622,515</b>	<b>48,704,790</b>	<b>50,764,821</b>	<b>53,236,883</b>
<b>Net cash from (or used by) operating activities</b>	<b>(41,482,578)</b>	<b>(43,819,111)</b>	<b>(46,586,304)</b>	<b>(49,051,076)</b>	<b>(51,851,636)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash Received</b>					
Other	31	9,401	19,572	23,346	28,688
<b>Total cash received</b>	<b>31</b>	<b>9,401</b>	<b>19,572</b>	<b>23,346</b>	<b>28,688</b>
<b>Cash used</b>					
Other	47,820	311,735	225,000	-	-
<b>Total cash used</b>	<b>47,820</b>	<b>311,735</b>	<b>225,000</b>	<b>-</b>	<b>-</b>
<b>Net cash from (or used by) investing activities</b>	<b>(47,789)</b>	<b>(302,334)</b>	<b>(205,428)</b>	<b>23,346</b>	<b>28,688</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	122,942	37,300	-	-	-
Other	335,377	340,577	341,303	337,119	316,728
<b>Total cash received</b>	<b>458,319</b>	<b>377,877</b>	<b>341,303</b>	<b>337,119</b>	<b>316,728</b>

**Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June) (cont.)**

	<b>Estimated actual 2009-10 \$'000</b>	<b>Budget estimate 2010-11 \$'000</b>	<b>Forward estimate 2011-12 \$'000</b>	<b>Forward estimate 2012-13 \$'000</b>	<b>Forward estimate 2013-14 \$'000</b>
<b>Cash used</b>					
Other	335,377	340,577	341,303	337,119	316,728
<b>Total cash used</b>	<b>335,377</b>	<b>340,577</b>	<b>341,303</b>	<b>337,119</b>	<b>316,728</b>
<b>Net cash from (or used by) financing activities</b>	<b>122,942</b>	<b>37,300</b>	-	-	-
<b>Net increase (or decrease) in cash held</b>	<b>(41,407,425)</b>	<b>(44,084,145)</b>	<b>(46,791,732)</b>	<b>(49,027,730)</b>	<b>(51,822,948)</b>
Cash at beginning of reporting period	82,299	82,299	82,299	82,299	82,299
Cash from Official Public Account for:					
- appropriations	41,407,425	44,084,145	46,791,732	49,027,730	51,822,948
- special accounts	-	-	-	-	-
<b>Cash at end of reporting period</b>	<b>82,299</b>	<b>82,299</b>	<b>82,299</b>	<b>82,299</b>	<b>82,299</b>

Table 3.2.10: Schedule of Administered Capital Budget

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered assets	67,266	37,300	-	-	-
Total loans	-	-	-	-	-
Special appropriations	-	-	-	-	-
<b>Total capital appropriations</b>	<b>67,266</b>	<b>37,300</b>	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	67,226	37,300	-	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	<b>67,226</b>	<b>37,300</b>	-	-	-
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	67,226	37,300	-	-	-
Funded internally from Departmental resources <sup>1</sup>	133,716	-	-	-	-
Assets received due to restructure (FMA s32)	-	-	-	-	-
<b>Total acquisition of non-financial assets</b>	<b>200,942</b>	<b>37,300</b>	-	-	-

<sup>1</sup> Includes the following sources of funding:  
- annual and prior year appropriations;  
- donations and contributions;  
- gifts;  
- finance leases;  
- internally developed assets;  
- section 31 relevant agency receipts; and  
- proceeds from the sale of assets.

**Table 3.2.11: Schedule of Asset Movements – Administered**

	Land	Buildings	Other Infrastructure, Plant & Equipment	Other Non- financial Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>as at 1 July 2009</b>					
Gross book value	1,000	28,150	554	371,856	401,560
Accumulated depreciation/amortisation	-	235	554	-	789
<b>Opening net book balance</b>	<b>1,000</b>	<b>27,915</b>	<b>-</b>	<b>371,856</b>	<b>400,771</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
by purchase or internally developed	-	-	-	37,300	37,300
by finance lease	-	-	-	-	-
by contribution/donation	-	-	-	-	-
by gift	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,300</b>	<b>37,300</b>
<b>Other Movements</b>					
Depreciation/amortisation expense	-	-	-	-	-
Disposals <sup>1</sup>	-	-	-	103,573	103,573
Other	-	-	-	-	-
<b>as at 30 June 2010</b>					
Gross book value	1,000	28,150	554	305,583	335,287
Accumulated depreciation/amortisation	-	235	554	-	789
<b>Closing net book balance</b>	<b>1,000</b>	<b>27,915</b>	<b>-</b>	<b>305,583</b>	<b>334,498</b>

<sup>1</sup> Proceeds may be returned to the Official Public Accountant.

### 3.2.4 Notes to the Financial Statements

The Budgeted Financial Statements for the Department are prepared for the Budget year, previous year and three forward years.

#### Changes resulting from Net Cash Arrangements

Net cash appropriation arrangements have been implemented as part of the Operation Sunlight reform agenda to increase budget transparency and accountability through improving the levels of disclosure to Parliament regarding the use of appropriations, and encouraging more effective resource management practices with the release of funds to agencies as and when they are needed.

Net cash appropriation arrangements involve the cessation of funding for depreciation, amortisation and makegood expenses. Funding for these expenses has been replaced with a Departmental Capital Budgets (DCBs) for FMA Act agencies.

To aid transparency of operating results as a result of this change, the Comprehensive Income Statement includes a reconciliation of operating result attributable to the Department by including non-appropriated depreciation and amortisation expenses.

#### Estimates of special account flows and balances

This table provides for the cash flows and balances of the special accounts under the responsibility of the Department.

#### Departmental Financial Statements

##### Comprehensive income statement (showing net cost of services) (for the period ended 30 June)

This statement provides a picture of the expected financial results for the Department by identifying accrual expenses and revenues showing the net cost of services.

This statement also provides for the first time, revenues and expenses taken through equity to provide for a comprehensive income and expense.

##### Budgeted departmental balance sheet (as at 30 June)

The statement shows the financial position of the Department. It enables decision-makers to track the management of the Department's assets and liabilities.

##### Departmental statement of changes in equity – summary of movement (Budget year 2010-2011)

This table shows the movements in equity during the Budget year.

This table has been amended for the 2010-11 Budget to include amounts provided in the Departmental Capital Budget as part of net cash arrangements as discussed above.

##### Budgeted departmental statement of cash flows (for the period ended 30 June)

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

##### Capital budget statement

This table shows the appropriations from Government for the purchase of capital items and purchases of non-financial assets from capital and internal sources.

This table has been amended for the 2010-11 Budget to include Departmental Capital Budget funding as part of net cash arrangements as discussed above and to provide a reconciliation between the asset purchases and cash flow statement.

**Statement of asset movements (2010-11)**

This table shows the movements in asset classes through addition (eg purchases) and other movements (eg depreciation and amortisation).

Purchases are reconciled in the Capital Budget Statement to the Statement of Cash Flows as described above and include sources of funding for asset purchases and include amounts received under net cash resourcing arrangements as also described above.

**Schedules of Administered Activity**

**Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)**

The schedule identifies the revenues and expenses administered by the Department on behalf of the Government.

**Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)**

The schedule shows the assets and liabilities administered by the Department on behalf of the Government.

**Administered Capital Budget Statement (for the period ended 30 June)**

This table shows the appropriations from Government for the purchase of capital items and purchases of non-financial assets from capital and internal sources.

This table has been amended for the 2010-11 Budget to include a reconciliation between the asset purchases and cash flow statement.

**Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)**

The schedule shows the cash flows administered by the Department on behalf of the Government.

**Statement of asset movements (2010-11)**

This table shows the movements in asset classes through addition (eg purchases) and other movements (eg depreciation and amortisation).

Purchases are reconciled in the Capital Budget Statement to the Statement of Cash Flows as described above and include sources of funding for asset purchases.