

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 Budget year, including the impact of Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences Between Entity Resourcing and Financial Statements

Table 3.1.1: Estimates of Special Accounts Cash Flows and Balances

		Opening balance 2018-19 2017-18	Other receipts 2018-19 2017-18	Appropriation receipts 2018-19 2017-18	Payments 2018-19 2017-18	Closing balance 2018-19 2017-18
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental						
National Industrial Chemicals Notification and Assessment Scheme	5	14,888 18,055	16,200 16,000	331 322	18,051 19,489	13,368 14,888
Office of Gene Technology Regulator	5	8,259 8,259	132 129	7,506 7,544	7,638 7,673	8,259 8,259
Therapeutic Goods Administration	5	66,782 62,605	156,584 150,062	2,257 2,439	154,601 148,324	71,022 66,782
Total Departmental		89,929	172,916	10,094	180,290	92,649
<i>2018-19 estimate</i>		<i>88,919</i>	<i>166,191</i>	<i>10,305</i>	<i>175,486</i>	<i>89,929</i>
Administered						
Australian Childhood Immunisation Register	5	5,704 4,616	3,853 3,853	7,133 7,055	9,820 9,820	6,870 5,704
Human Pituitary Hormones	5	2,201 2,371	- -	- -	170 170	2,031 2,201
Medical Research Future Fund	1	26,165 47,916	214,913 121,565	- -	222,283 143,316	18,795 26,165
Medicare Guarantee Fund	4	429 -	35,267,191 34,413,984	- -	35,267,191 34,413,555	429 429
Sport and Recreation	3	596 596	407 407	- -	407 407	596 596
Total Administered		35,095	35,486,364	7,133	35,499,871	28,721
<i>2018-19 estimate</i>		<i>55,499</i>	<i>34,539,809</i>	<i>7,055</i>	<i>34,567,268</i>	<i>35,095</i>

Table 3.1.1: Estimates of Special Accounts Cash Flows and Balances (continued)

	Opening balance 2018-19 2017-18	Other receipts 2018-19 2017-18	Appropriation receipts 2018-19 2017-18	Payments 2018-19 2017-18	Closing balance 2018-19 2017-18
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Special Public Money					
Services for Other Entities and Trust Monies	various	19,022	3,634	1,110	7,054
	19,135	3,634	1,098	4,845	19,022
Total Special Accounts					
2018-19 estimate	144,046	35,662,914	18,337	35,687,215	138,082
<i>2017-18 estimate</i>	<i>163,553</i>	<i>34,709,634</i>	<i>18,458</i>	<i>34,747,599</i>	<i>144,046</i>

3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

Departmental

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

Comprehensive Income Statement

The Department has an approved operating loss of \$3.6m in 2017-18 net of unfunded depreciation, and is anticipating break-even positions net of unfunded depreciation from 2018-19 to 2021-22.

Revenues predominantly relate to the cost recovery operations of TGA and NICNAS.

Balance Sheet

Assets and liabilities are anticipated to remain relatively stable across the forward years.

Cash Flow

Cash flows are consistent with projected income and expenses, appropriations from Government, and expenditure on property, plant and equipment, and intangibles.

Administered

Schedule of Budgeted Income and Expenses

Revenue estimates include levies for the medical indemnity and recoveries for pharmaceutical, aged care and Medicare recoveries.

Personal benefits include pharmaceutical and medical benefits and the Private Health Insurance rebate.

Subsidies mainly include payments for the ageing and aged care functions.

Write down and impairment of assets provides for the obsolescence and expiry of the drug stockpile inventory and the concessional loan discount relates to the recognition of the expenses up-front when making concessional interest loans to aged care providers.

Schedule of Budgeted Assets and Liabilities

The administered Schedule of Budgeted Assets and Liabilities primarily reports movements in liabilities, including estimates for accrued liabilities for unpaid amounts relating to medical benefits, pharmaceutical benefits, and the private health insurance rebate.

The administered Schedule of Budgeted Assets and Liabilities also includes estimates for the value of the National Medical Stockpile inventories, provisions for medical indemnity and investments for the Biomedical Translation Fund.

Schedule of Administered Capital Budget

Capital funding of \$25.0 million has been provided in 2018-19 to provide for replenishment of the National Medical Stockpile.

Cash Flows

Cash flows are consistent with projected income and expenses, capital injections from Government and investments in inventory.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES					
Employee benefits	511,400	544,486	544,628	545,391	556,078
Supplier expenses	327,428	308,861	286,957	276,149	269,318
Depreciation and amortisation	31,472	34,090	33,587	34,624	35,563
Write-down and impairment of assets	165	-	-	-	-
Other expenses	2,500	2,500	2,500	2,500	2,500
Total expenses	872,965	889,937	867,672	858,664	863,459
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	185,320	192,164	195,479	198,660	204,139
Interest	-	-	1,754	1,754	1,754
Other revenue	1,533	1,635	1,637	1,653	1,428
Total revenue	186,853	193,799	198,870	202,067	207,321
Gains					
Other	870	870	870	870	870
Total gains	870	870	870	870	870
Total own-source income	187,723	194,669	199,740	202,937	208,191
Net cost of (contribution by) services	685,242	695,268	667,932	655,727	655,268
Revenue from Government	658,441	670,975	645,154	632,332	631,354
Surplus (Deficit)	(26,801)	(24,293)	(22,778)	(23,395)	(23,914)
Surplus (Deficit) attributable to the Australian Government	(26,801)	(24,293)	(22,778)	(23,395)	(23,914)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	(26,801)	(24,293)	(22,778)	(23,395)	(23,914)

Table 3.1: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June (continued)

Note: Reconciliation of comprehensive income attributable to the entity

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income (loss) attributable to the Australian Government	(26,801)	(24,293)	(22,778)	(23,395)	(23,914)
plus non-appropriated expenses including depreciation and amortisation expenses	23,197	24,293	22,778	23,395	23,914
Total comprehensive income (loss) attributable to the agency	(3,604)	-	-	-	-

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	96,732	99,452	105,611	112,790	119,589
Receivables	30,090	20,139	20,235	21,239	20,399
Other	2,160	2,160	2,160	2,160	2,160
Total financial assets	128,982	121,751	128,006	136,189	142,148
Non-financial assets					
Land and buildings	51,212	47,186	42,790	38,668	34,370
Property, plant and equipment	5,957	5,859	5,697	4,958	5,032
Intangibles	125,769	131,104	127,925	116,986	107,840
Other	26,972	27,477	27,981	28,486	28,990
Total non-financial assets	209,910	211,626	204,393	189,098	176,232
Total assets	338,892	333,377	332,399	325,287	318,380
LIABILITIES					
Payables					
Suppliers	60,395	61,403	64,442	66,512	69,591
Other payables	53,793	49,055	46,457	46,616	44,981
Total payables	114,188	110,458	110,899	113,128	114,572
Provisions					
Employees	147,272	142,712	145,061	147,457	149,901
Other provisions	31,035	30,179	27,989	24,873	20,649
Total provisions	178,307	172,891	173,050	172,330	170,550
Total liabilities	292,495	283,349	283,949	285,458	285,122
Net Assets	46,397	50,028	48,450	39,829	33,258
EQUITY					
Contributed equity	271,086	299,010	320,210	334,984	352,327
Reserves	35,206	35,206	35,206	35,206	35,206
Accumulated deficits	(259,895)	(284,188)	(306,966)	(330,361)	(354,275)
Total equity	46,397	50,028	48,450	39,829	33,258

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2018-19)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	(259,895)	35,206	271,086	46,397
Surplus (deficit) for the period	(24,293)	-	-	(24,293)
Equity injection - appropriations	-	-	19,017	19,017
Departmental capital budget	-	-	8,907	8,907
Restructuring	-	-	-	-
Estimated closing balance as at 30 June 2019	(284,188)	35,206	299,010	50,028

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	184,879	191,882	195,192	198,367	203,840
Appropriations	825,399	745,323	707,345	693,621	694,493
Interest	-	-	1,754	1,754	1,754
Net GST received	24,010	20,570	20,000	20,000	20,000
Other cash received	1,533	1,635	1,637	1,653	1,428
Total cash received	1,035,821	959,410	925,928	915,395	921,515
Cash used					
Employees	517,392	548,966	540,154	538,770	551,461
Suppliers	325,579	307,488	283,552	273,714	265,873
Net GST paid	24,010	20,570	20,000	20,000	20,000
Cash to the Official Public Account	64,980	64,192	62,000	62,000	62,000
Other	4,108	8,097	9,413	9,682	10,532
Total cash used	936,069	949,313	915,119	904,166	909,866
Net cash from (or used by) operating activities	99,752	10,097	10,809	11,229	11,649
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	34,962	35,301	25,850	18,824	22,193
Total cash used	34,962	35,301	25,850	18,824	22,193
Net cash from (or used by) investing activities	(34,962)	(35,301)	(25,850)	(18,824)	(22,193)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	18,517	27,924	21,200	14,774	17,343
Total cash received	18,517	27,924	21,200	14,774	17,343
Net cash from (or used by) financing activities	18,517	27,924	21,200	14,774	17,343
Net increase (or decrease) in cash held	83,307	2,720	6,159	7,179	6,799
Cash and cash equivalents at the beginning of the reporting period	13,425	96,732	99,452	105,611	112,790
Cash and cash equivalents at the end of the reporting period	96,732	99,452	105,611	112,790	119,589

Table 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	7,422	19,017	7,691	3,932	3,155
Capital budget - Bill 1 (DCB)	11,095	8,907	13,509	10,842	14,188
Total capital appropriations	18,517	27,924	21,200	14,774	17,343
Total new capital appropriations represented by:					
Purchase of non-financial assets	18,517	27,924	21,200	14,774	17,343
Total items	18,517	27,924	21,200	14,774	17,343
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - equity injection ^(a)	12,671	19,317	7,691	3,932	3,155
Funded by capital appropriation - DCB ^(b)	11,095	8,907	13,509	10,842	14,188
Funded internally from departmental resources	11,196	7,077	4,650	4,050	4,850
Funded by finance leases	-	-	-	-	-
Total acquisitions of non-financial assets	34,962	35,301	25,850	18,824	22,193
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	34,962	35,301	25,850	18,824	22,193
less additions by finance lease	-	-	-	-	-
Total cash used to acquire assets	34,962	35,301	25,850	18,824	22,193

^(a) Includes both current Appropriation Bill No. 2 and prior Act 2/4/6 appropriations.

^(b) Includes purchases from current and previous years' Departmental Capital Budgets (DCB).

Table 3.6: Statement of Asset Movements (Budget year 2018-19)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	59,597	15,492	265,991	341,080
Accumulated depreciation/ amortisation and impairment	(8,385)	(9,535)	(140,222)	(158,142)
Opening net book balance	51,212	5,957	125,769	182,938
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	19,317	19,317
By purchase - appropriation ordinary annual services	4,350	-	4,557	8,907
By purchase - other	-	1,800	5,277	7,077
Total additions	4,350	1,800	29,151	35,301
Other movements				
Depreciation/amortisation expense	(8,376)	(1,898)	(23,816)	(34,090)
Transfer due to restructuring	-	-	-	-
Total other movements	(8,376)	(1,898)	(23,816)	(34,090)
As at 30 June 2019				
Gross book value	63,947	17,292	295,142	376,381
Accumulated depreciation/ amortisation and impairment	(16,761)	(11,433)	(164,038)	(192,232)
Closing net book balance	47,186	5,859	131,104	184,149

Table 3.7: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	751,884	698,858	704,668	682,304	681,853
Subsidies	12,122,141	12,644,690	13,594,224	14,390,945	15,438,049
Personal benefits	44,727,906	45,631,261	47,233,945	47,392,116	49,160,583
Grants	8,223,697	9,176,365	9,212,864	9,357,571	9,710,870
Write down and impairment of assets	24,408	23,616	13,007	4,320	1,130
Corporate Commonwealth entities	510,429	582,970	312,600	275,734	278,881
Other expenses	7,055	7,133	7,133	7,133	7,133
Total expenses administered on behalf of Government	66,367,520	68,764,893	71,078,441	72,110,123	75,278,499
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation revenue					
Other taxes	17,000	17,600	18,300	19,000	19,600
Total taxation revenue	17,000	17,600	18,300	19,000	19,600
Non-taxation revenue					
Interest	10,656	13,238	14,759	14,120	12,914
Special Account transfers	34,896,459	35,482,104	36,639,877	36,585,793	37,919,880
Recoveries	3,406,842	2,816,034	2,122,236	758,558	607,381
Other revenue	62,847	67,721	70,078	73,320	73,326
Total non-taxation revenue	38,376,804	38,379,097	38,846,950	37,431,791	38,613,501
Total own-source revenue administered on behalf of Government	38,393,804	38,396,697	38,865,250	37,450,791	38,633,101
Gains					
Other gains	-	-	-	-	-
Total gains administered on behalf of Government	-	-	-	-	-
Total revenue administered on behalf of Government	38,393,804	38,396,697	38,865,250	37,450,791	38,633,101

Table 3.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	126,406	119,932	114,598	108,244	109,241
Receivables	1,570,811	1,363,662	1,321,270	712,827	715,862
Investments	504,160	542,558	542,558	542,911	542,911
Total financial assets	2,201,377	2,026,152	1,978,426	1,363,982	1,368,014
Non-financial assets					
Inventories	115,854	117,238	129,231	124,911	123,781
Total non-financial assets	115,854	117,238	129,231	124,911	123,781
Total assets administered on behalf of Government	2,317,231	2,143,390	2,107,657	1,488,893	1,491,795
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	22,765	22,765	22,765	22,765	22,765
Subsidies	33,006	37,590	41,786	50,247	63,623
Personal benefits	1,020,828	998,562	1,055,196	1,064,985	1,075,321
Grants	308,945	308,460	308,312	308,312	308,312
Total payables	1,385,544	1,367,377	1,428,059	1,446,309	1,470,021
Provisions					
Personal benefits	1,057,773	1,057,773	1,057,773	1,057,773	1,057,773
Subsidies	450,000	450,000	450,000	450,000	450,000
Total payables	1,507,773	1,507,773	1,507,773	1,507,773	1,507,773
Total liabilities administered on behalf of Government	2,893,317	2,875,150	2,935,832	2,954,082	2,977,794

Table 3.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	6,724	7,778	8,719	8,153	7,315
Taxes	17,000	17,600	18,300	19,000	19,600
GST received	547,561	587,230	572,338	564,279	562,850
Special account receipts	34,896,459	35,482,104	36,639,877	36,585,793	37,919,880
Other receipts	3,512,747	3,088,569	2,216,879	1,417,523	656,282
Total cash received	38,980,491	39,183,281	39,456,113	38,594,748	39,165,927
Cash used					
Grants	8,771,182	9,761,884	9,775,385	9,928,989	10,280,853
Subsidies	12,119,340	12,640,106	13,590,048	14,382,484	15,424,673
Personal benefits	44,683,339	45,653,523	47,177,305	47,382,321	49,150,247
Suppliers	776,961	723,858	729,648	682,304	681,853
Corporate entities	510,429	582,970	312,600	275,734	278,881
Total cash used	66,861,251	69,362,341	71,584,986	72,651,832	75,816,507
Net cash from (or used by) operating activities	(27,880,760)	(30,179,060)	(32,128,873)	(34,057,084)	(36,650,580)
INVESTING ACTIVITIES					
Cash received					
Repayment of advances	18,953	26,318	29,116	28,765	26,989
Total cash used	18,953	26,318	29,116	28,765	26,989
Cash used					
Advances made	44,200	27,960	7,837	-	-
Corporate entities	54,533	38,398	-	353	-
Total cash used	98,733	66,358	7,837	353	-
Net cash from (or used by) investing activities	(79,780)	(40,040)	21,279	28,412	26,989
Net increase (or decrease) in cash held	(27,960,540)	(30,219,100)	(32,107,594)	(34,028,672)	(36,623,591)
Cash at beginning of reporting period	146,809	126,406	119,932	114,598	108,244
Cash from the OPA for:					
- appropriations	31,963,182	33,876,316	34,922,205	36,059,278	37,897,217
- capital injections	25,000	25,000	25,000	-	-
- Corporate entity capital	54,533	38,398	-	353	-
- GST appropriations	547,561	587,230	572,338	564,279	562,850
Cash to the OPA for:					
- return of GST	(547,561)	(587,230)	(572,338)	(564,279)	(562,850)
- other	(4,102,578)	(3,727,088)	(2,844,945)	(2,037,313)	(1,272,629)
Cash at end of reporting period	126,406	119,932	114,598	108,244	109,241

OPA = Official Public Account.

Table 3.10: Administered Capital Budget Statement (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Administered assets	25,000	25,000	25,000	-	-
Total capital appropriations	25,000	25,000	25,000	-	-
Total new capital appropriations represented by:					
Purchase of non-financial assets	25,000	25,000	25,000	-	-
Total items	25,000	25,000	25,000	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	25,000	25,000	25,000	-	-
Total acquisition of non-financial assets	25,000	25,000	25,000	-	-

**Table 3.11: Statement of Administered Asset Movements
(Budget year 2018-19)**

	Land \$'000	Buildings \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2018				
Gross book value	-	-	-	-
Accumulated depreciation/ amortisation and impairment	-	-	-	-
Opening net book balance	-	-	-	-
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase or internally developed	-	-	-	-
Sub-total	-	-	-	-
Other Movements				
Depreciation/amortisation expense	-	-	-	-
Restructuring	-	-	-	-
As at 30 June 2019				
Gross book value	-	-	-	-
Accumulated depreciation/ amortisation and impairment	-	-	-	-
Closing net book balance	-	-	-	-