

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 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

This section is not applicable to the Department of Health.

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 \$37.8 million in 2016-17 and of \$3.6 million in 2017-18 net of unfunded depreciation, and anticipating break even positions net of unfunded depreciation from 2018-19 to 2020-21.

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 expense, appropriations from Government, and expenditure on property, plant and equipment, and intangibles.

Administered

Schedule of Budgeted Income and Expenses

Revenue estimates include levies for 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 million has been provided in 2017-18 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 and the Biomedical Translation Fund.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	557,886	522,171	522,388	532,611	534,357
Supplier expenses	292,894	287,923	274,382	250,753	241,319
Depreciation and amortisation	27,553	28,302	31,335	28,765	28,743
Write-down and impairment of assets	27	-	-	-	-
Other expenses	11,900	4,000	4,000	4,000	4,000
Total expenses	890,260	842,396	832,105	816,129	808,419
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	173,752	176,292	181,717	184,252	186,484
Interest	-	-	1,917	1,917	1,917
Other revenue	1,358	1,380	1,403	1,428	1,428
Total revenue	175,110	177,672	185,037	187,597	189,829
Gains					
Other	870	870	870	870	870
Total gains	870	870	870	870	870
Total own-source income	175,980	178,542	185,907	188,467	190,699
Net cost of (contribution by) services	714,280	663,854	646,198	627,662	617,720
Revenue from Government	655,162	639,683	624,187	608,654	598,855
Surplus (Deficit)	(59,118)	(24,171)	(22,011)	(19,008)	(18,865)
Surplus (Deficit) attributable to the Australian Government	(59,118)	(24,171)	(22,011)	(19,008)	(18,865)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	(59,118)	(24,171)	(22,011)	(19,008)	(18,865)

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	(59,118)	(24,171)	(22,011)	(19,008)	(18,865)
plus non-appropriated expenses including depreciation and amortisation expenses	21,349	20,567	22,011	19,008	18,865
Total comprehensive income (loss) attributable to the agency	(37,769)	(3,604)	-	-	-

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	78,630	64,997	69,194	74,201	78,779
Receivables	71,067	70,251	68,570	66,106	64,980
Other	10,565	10,565	10,565	10,565	10,565
Total financial assets	160,262	145,813	148,329	150,872	154,324
Non-financial assets					
Land and buildings	49,453	46,245	40,719	35,127	31,725
Property, plant and equipment	5,819	6,034	6,230	6,383	7,308
Intangibles	117,484	120,847	111,033	107,819	102,811
Other	15,283	15,283	15,283	15,283	15,283
Total non-financial assets	188,039	188,409	173,265	164,612	157,127
Total assets	348,301	334,222	321,594	315,484	311,451
LIABILITIES					
Payables					
Suppliers	41,617	42,596	43,604	44,643	45,713
Other payables	38,168	34,631	31,094	27,616	25,554
Total payables	79,785	77,227	74,698	72,259	71,267
Provisions					
Employees	166,805	169,551	172,352	175,210	178,124
Other provisions	28,714	28,446	26,793	23,910	20,862
Total provisions	195,519	197,997	199,145	199,120	198,986
Total liabilities	275,304	275,224	273,843	271,379	270,253
Net assets	72,997	58,998	47,751	44,105	41,198
EQUITY					
Contributed equity	252,649	262,821	273,585	288,947	304,905
Reserves	30,436	30,436	30,436	30,436	30,436
Accumulated deficits	(210,088)	(234,259)	(256,270)	(275,278)	(294,143)
Total equity	72,997	58,998	47,751	44,105	41,198

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(210,088)	30,436	252,649	72,997
Surplus (deficit) for the period	(24,171)	-	-	(24,171)
Equity injection - appropriations	-	-	2,366	2,366
Departmental capital budget	-	-	7,806	7,806
Restructuring	-	-	-	-
Estimated closing balance as at 30 June 2018	(234,259)	30,436	262,821	58,998

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	227,997	218,016	222,435	223,965	228,191
Appropriations	688,192	638,786	624,761	610,204	600,274
Interest	-	-	1,917	1,917	1,917
Net GST received	26,620	24,010	20,570	20,000	20,000
Other cash received	-	1,380	1,403	1,428	1,428
Total cash received	942,809	882,192	871,086	857,514	851,810
Cash used					
Employees	448,670	431,848	439,891	437,539	531,443
Suppliers	410,452	374,237	352,352	342,971	239,379
Net GST paid	4,347	4,355	-	-	-
Cash to the Official Public Account	65,147	64,980	64,192	62,000	62,000
Other	8,145	1,905	5,036	5,261	9,110
Total cash used	936,761	877,325	861,471	847,771	841,932
Net cash from (or used by) operating activities	6,048	4,867	9,615	9,743	9,878
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	34,569	28,672	16,191	20,112	21,258
Total cash used	34,569	28,672	16,191	20,112	21,258
Net cash from (or used by) investing activities	(34,569)	(28,672)	(16,191)	(20,112)	(21,258)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	16,479	10,172	10,773	15,376	15,958
Total cash received	16,479	10,172	10,773	15,376	15,958
Net cash from (or used by) financing activities	16,479	10,172	10,773	15,376	15,958
Net increase (or decrease) in cash held	(12,042)	(13,633)	4,197	5,007	4,578
Cash and cash equivalents at the beginning of the reporting period	90,672	78,630	64,997	69,194	74,201
Cash and cash equivalents at the end of the reporting period	78,630	64,997	69,194	74,201	78,779

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill 2	6,651	2,366	1,866	1,866	1,866
Capital budget - Bill 1 (DCB)	9,828	7,806	8,898	13,496	14,092
Total capital appropriations	16,479	10,172	10,764	15,362	15,958
Total new capital appropriations represented by:					
Purchase of non-financial assets	16,479	10,172	10,764	15,362	15,958
Total items	16,479	10,172	10,764	15,362	15,958
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - equity injection ^(a)	6,759	5,904	2,166	1,866	1,866
Funded by capital appropriation - DCB ^(b)	9,828	7,806	8,898	13,496	14,092
Funded internally from departmental resources	17,982	14,962	5,127	4,750	5,300
Funded by finance leases	-	-	-	-	-
Total acquisitions of non-financial assets	34,569	28,672	16,191	20,112	21,258
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	34,569	28,672	16,191	20,112	21,258
less additions by finance lease	-	-	-	-	-
Total cash used to acquire assets	34,569	28,672	16,191	20,112	21,258

^(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 Budget (DCB).

Table 3.6: Statement of Asset Movements (Budget year 2017-18)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	64,676	10,023	254,980	329,679
Accumulated depreciation/ amortisation and impairment	(15,223)	(4,204)	(137,496)	(156,923)
Opening net book balance	49,453	5,819	117,484	172,756
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	5,904	5,904
By purchase - appropriation ordinary annual services	2,840	259	4,707	7,806
By purchase - other	700	2,000	12,262	14,962
Total additions	3,540	2,259	22,873	28,672
Other movements				
Depreciation/amortisation expense	(6,748)	(2,044)	(19,510)	(28,302)
Transfer due to restructuring	-	-	-	-
Total other movements	(6,748)	(2,044)	(19,510)	(28,302)
As at 30 June 2018				
Gross book value	68,216	12,282	277,853	358,351
Accumulated depreciation/ amortisation and impairment	(21,971)	(6,248)	(157,006)	(185,225)
Closing net book balance	46,245	6,034	120,847	173,126

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	638,656	607,110	585,699	592,681	588,792
Subsidies	12,536,368	12,023,300	12,662,233	13,524,084	14,255,597
Personal benefits	42,072,228	43,975,150	45,825,405	48,146,173	50,038,065
Grants	7,546,559	8,201,849	8,525,917	8,516,287	8,759,269
Depreciation and amortisation	963	-	-	-	-
Write-down and impairment of assets	21,515	29,926	24,661	12,788	2,525
Payments to corporate Commonwealth entities	405,060	560,425	524,606	251,890	252,462
Other expenses	32,234	-	-	-	-
Total expenses administered on behalf of Government	63,253,583	65,397,760	68,148,521	71,043,903	73,896,710
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation revenue					
Other taxes	15,700	16,100	16,400	16,800	17,200
Total taxation revenue	15,700	16,100	16,400	16,800	17,200
Non-taxation revenue					
Interest	7,108	8,465	9,563	8,835	7,924
Medical Research Future Fund	60,876	121,565	214,913	386,373	642,886
Recoveries	2,817,897	2,577,235	2,318,183	1,986,139	1,978,462
Total non-taxation revenue	2,885,881	2,707,265	2,542,659	2,381,347	2,629,272
Total own-source revenue administered on behalf of Government	2,901,581	2,723,365	2,559,059	2,398,147	2,646,472
Gains					
Other gains	-	-	-	-	-
Total gains administered on behalf of Government	-	-	-	-	-
Total revenue administered on behalf of Government	2,901,581	2,723,365	2,559,059	2,398,147	2,646,472

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	171,578	171,578	171,578	171,578	171,578
Receivables	1,606,337	1,475,440	1,459,841	1,389,764	1,282,192
Investments	684,107	714,050	751,592	751,592	751,592
Total financial assets	2,462,022	2,361,068	2,383,011	2,312,934	2,205,362
Non-financial assets					
Inventories	115,287	110,361	110,700	122,912	120,387
Total non-financial assets	115,287	110,361	110,700	122,912	120,387
Total assets administered on behalf of Government	2,577,309	2,471,429	2,493,711	2,435,846	2,325,749
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	9,762	9,685	9,685	9,685	9,685
Subsidies	13,726	13,726	13,726	13,726	13,726
Personal benefits payable	1,354,086	1,358,912	1,399,285	1,437,803	1,464,589
Grants	349,453	346,689	346,819	346,687	346,701
Total payables	1,727,027	1,729,012	1,769,515	1,807,901	1,834,701
Provisions					
Personal Benefits	1,280,045	1,280,045	1,280,045	1,280,045	1,280,045
Subsidies	441,765	464,268	470,254	478,975	491,038
Total payables	1,721,810	1,744,313	1,750,299	1,759,020	1,771,083
Total liabilities administered on behalf of Government	3,448,837	3,473,325	3,519,814	3,566,921	3,605,784

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	7,108	8,465	9,563	8,835	7,924
Taxes	15,700	16,100	16,400	16,800	17,200
GST received	485,529	489,514	501,335	494,536	507,578
Medical Research Future Fund	60,876	121,565	214,913	386,373	642,886
Recoveries	2,613,439	2,704,542	2,316,469	2,023,134	2,053,705
Total cash received	3,182,652	3,340,186	3,058,680	2,929,678	3,229,293
Cash used					
Grants	7,568,974	8,196,464	8,519,334	8,514,472	8,759,255
Subsidies	12,522,256	11,994,839	12,654,442	13,517,401	14,243,534
Personal benefits	41,852,537	43,971,377	45,785,080	48,107,403	50,011,274
Suppliers	664,321	632,187	610,699	617,681	588,792
Payments to corporate entities	405,060	560,425	524,606	251,890	252,462
GST paid	485,529	489,514	501,335	494,536	507,578
Total cash used	63,498,677	65,844,806	68,595,496	71,503,383	74,362,895
Net cash from (or used by) operating activities	(60,316,025)	(62,504,620)	(65,536,816)	(68,573,705)	(71,133,602)
INVESTING ACTIVITIES					
Cash received					
Repayment of advances	18,953	26,318	29,116	33,082	32,329
Total cash used	18,953	26,318	29,116	33,082	32,329
Cash used					
Advances made	67,040	34,200	17,960	-	-
Purchase of investment	250,000	-	-	-	-
Total cash used	317,040	34,200	17,960	-	-
Net cash from (or used by) investing activities	(298,087)	(7,882)	11,156	33,082	32,329
Net increase (or decrease) in cash held	(60,614,112)	(62,512,502)	(65,525,660)	(68,540,623)	(71,101,273)
Cash at beginning of reporting period	171,578	171,578	171,578	171,578	171,578
Cash from Official Public Account for:					
- appropriations	63,118,368	65,242,520	67,871,801	70,597,067	73,212,024
- capital injections	150,537	25,000	25,000	25,000	-
- GST appropriations	485,529	489,514	501,335	494,536	507,578
Cash to the Official Public Account					
- return of GST	(485,529)	(489,514)	(501,335)	(494,536)	(507,578)
- other	(2,654,793)	(2,755,018)	(2,371,141)	(2,081,444)	(2,110,751)
Cash at end of reporting period	171,578	171,578	171,578	171,578	171,578

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Administered assets	150,537	25,000	25,000	25,000	-
Total capital appropriations	150,537	25,000	25,000	25,000	-
Total new capital appropriations represented by:					
Purchase of non-financial assets	25,537	25,000	25,000	25,000	-
Other items	125,000	-	-	-	-
Total items	150,537	25,000	25,000	25,000	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	25,537	25,000	25,000	25,000	-
Total acquisition of non-financial assets	25,537	25,000	25,000	25,000	-

Table 3.11: Statement of Administered Asset Movements (Budget year 2017-18)

	Land \$'000	Buildings \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2017				
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 2018				
Gross book value	-	-	-	-
Accumulated depreciation/ amortisation and impairment	-	-	-	-
Closing net book balance	-	-	-	-