

Section 3: Budgeted Financial Statements

BUDGETED FINANCIAL STATEMENTS

The following budgeted financial statements for ATSIC are presented in this section:

- Budgeted Departmental Statement of Financial Performance;
- Budgeted Departmental Statement of Financial Position;
- Budgeted Departmental Statement of Cash Flows;
- Departmental Capital Budget Statement;
- Departmental Non Financial Assets – Summary of Movement;
- Schedule of Budgeted Revenues and Expenses Administered on behalf of Government;
- Schedule of Budgeted Asset and Liabilities Administered on behalf of Government;
- Schedule of Budgeted Administered Cash Flow; and
- Schedule of Administered Capital Budget.

Table 3.1: Budgeted Departmental Statements of Financial Performance
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government ^(K1)	1,092,677	8,253	8,975	9,719	10,489
Goods and services	2,630	2,709	2,790	2,874	2,874
Interest	27,251	21,068	21,019	20,921	20,821
Other	7,894	4,856	5,001	5,151	5,151
Revenues from ordinary activities	1,130,452	36,886	37,785	38,665	39,335
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	82,266	7,939	8,262	8,599	8,932
Suppliers	95,509	19,980	20,578	21,192	21,629
Grants	906,130	2,000	2,000	2,000	2,000
Depreciation and amortisation	5,832	1,287	1,325	1,365	1,365
Expenses from ordinary activities (excluding borrowing costs expense)	1,089,737	31,206	32,165	33,156	33,926
Borrowing costs expense	-	-	-	-	-
Operating surplus or deficit from ordinary activities	40,715	5,680	5,620	5,509	5,409
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	40,715	5,680	5,620	5,509	5,409
Capital use charge paid*	16,277	-	-	-	-
Net surplus or deficit attributable to the Commonwealth	24,438	5,680	5,620	5,509	5,409

(K1) Links to Table 1.1

*The Capital Use Charge has been abolished from 1 July 2003

Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	59,889	39,996	39,070	37,099	34,897
Receivables	423,047	419,249	426,817	434,385	441,953
Investments under equity method	-	-	-	-	-
Other investments	1,002	-	-	-	-
Total financial assets	483,938	459,245	465,887	471,484	476,850
Non-financial assets					
Land and buildings	85,139	39,309	39,309	39,309	39,309
Infrastructure, plant and equipment	17,225	3,278	3,278	3,278	3,278
Inventories	8,653	4,653	-	-	-
Intangibles	1,802	-	-	-	-
Other	457	63	63	63	63
Total non-financial assets	113,276	47,303	42,650	42,650	42,650
Total assets	597,214	506,548	508,537	514,134	519,500
LIABILITIES					
Debt					
Loans	4,680	2,680	-	-	-
Leases	4,157	137	137	137	-
Other	-	-	-	-	-
Total debt	8,837	2,817	137	137	-
Provisions					
Employees	23,814	1,702	1,787	1,875	1,969
Payables					
Suppliers	1,352	-	-	-	-
Grants	2,500	-	-	-	-
Other	2,036	1,036	-	-	-
Total provisions and payables	29,702	2,738	1,787	1,875	1,969
Total liabilities	38,539	5,555	1,924	2,012	1,969
EQUITY					
Capital	222,088	155,197	155,197	155,197	155,197
Reserves	59,326	29,794	29,794	29,794	29,794
Accumulated surplus or deficits	277,261	316,002	321,622	327,131	332,540
Total equity	558,675	500,993	506,613	512,122	517,531
Total assets and liabilities by maturity					
Current assets	483,938	459,245	465,887	471,484	476,850
Non-current assets	113,276	47,303	42,650	42,650	42,650
Current Liabilities	8,837	2,817	137	137	-
Non-current liabilities	29,702	2,738	1,787	1,875	1,969

Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and Services	2,630	2,709	2,790	2,874	2,874
Appropriations	1,092,677	8,253	8,975	9,719	10,489
Interest	9,049	1,500	1,451	1,353	1,253
Other	106,928	6,356	6,502	7,151	7,151
Total cash received	1,211,284	18,818	19,718	21,097	21,767
Cash used					
Employees	82,305	7,859	8,177	8,511	8,838
Suppliers	97,317	15,978	16,962	21,192	21,629
Grants	912,003	2,000	2,000	2,000	2,000
Other	104,935	1,500	1,500	2,000	2,000
Total cash used	1,196,560	27,337	28,639	33,703	34,467
Net cash from/ (used by)					
operating activities	14,724	(8,519)	(8,921)	(12,606)	(12,700)
INVESTING ACTIVITIES					
Cash received					
Repayments of loans made	77,659	81,542	85,619	87,119	88,619
Total cash received	77,659	81,542	85,619	87,119	88,619
Cash used					
Purchase of property, plant and equipment	4,889	1,287	1,325	1,365	1,365
Loans made	83,399	69,542	73,619	75,119	76,619
Total cash used	88,288	70,829	74,944	76,484	77,984
Net cash from/ (used by) investing					
activities	(10,629)	10,713	10,675	10,635	10,635
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Transfer to ATSIIS	-	20,087	-	-	-
Other	16,277	2,000	2,680	-	137
Total cash used	16,277	22,087	2,680	-	137
Net cash from/ (used by) financing					
activities	(16,277)	(22,087)	(2,680)	-	(137)
Net increase/(decrease)					
in cash held	(12,182)	(19,893)	(926)	(1,971)	(2,202)
Cash at the beginning of the reporting period	72,071	59,889	39,996	39,070	37,099
Cash at the end of the reporting period	59,889	39,996	39,070	37,099	34,897

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Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Represented by					
Purchase of non-current assets	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	4,889	1,287	1,325	1,365	1,365

Table 3.5: Departmental Non-financial Assets – Summary of Movement (Budget Year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	22,822	62,317	-	17,225	-	1,802	-	104,166
Additions	-	765	-	522	-	-	-	1,287
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	(7,480)	(38,350)	-	(13,947)	-	(1,802)	-	(61,579)
Depreciation/ amortisation expense	-	765	-	522	-	-	-	1,287
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	15,342	23,967	-	3,278	-	-	-	42,587
Total additions								
Self funded	-	765	-	522	-	-	-	1,287
Appropriations	-	765	-	522	-	-	-	1,287
Total	-	765	-	522	-	-	-	1,287

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimates 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
REVENUES					
Non-taxation (Revenues from Government)					
Goods and services	-	-	-	-	-
Interest	45,711	54,542	58,890	60,746	62,682
Total non-taxation	45,711	54,542	58,890	60,746	62,682
Total revenues administered on behalf of the Government	45,711	54,542	58,890	60,746	62,682
EXPENSES					
Grants	56,553	59,463	52,523	54,566	55,620
Suppliers	400	400	400	400	400
Other goods and services	34,850	34,350	34,350	34,350	33,850
Total expenses administered on behalf of the Government	91,803	94,213	87,273	89,316	89,870

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government
as at 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	78,292	82,788	85,584	86,580	86,376
Receivables	7,775	7,775	7,775	7,775	7,775
Investments	1,252,146	1,422,924	1,458,245	1,493,179	1,528,695
Accrued revenues	-	-	-	-	-
Other	2	2	2	2	2
Total financial assets	1,338,215	1,513,489	1,551,606	1,587,536	1,622,848
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of the Government	1,338,215	1,513,489	1,551,606	1,587,536	1,622,848
LIABILITIES					
Payables					
Suppliers	10	10	10	10	10
Grants and subsidies	802	802	802	802	802
Personal benefits payable	-	-	-	-	-
Taxation refunds due	-	-	-	-	-
Other payables	7,490	7,490	7,490	7,490	7,490
Total payables	8,302	8,302	8,302	8,302	8,302
Total liabilities administered on behalf of the Government	8,302	8,302	8,302	8,302	8,302
EQUITY					
Accumulated Results	863,005	922,797	937,414	949,844	961,656
Reserves	114,526	138,026	161,526	185,026	208,526
Capital	352,382	444,364	444,364	444,364	444,364
Total equity	1,329,913	1,505,187	1,543,304	1,579,234	1,614,546

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Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Interest	45,711	54,542	58,890	60,746	62,682
Cash from Official Public Account -					
Appropriations	-	-	-	-	-
Special Accounts	98,553	99,463	43,000	41,000	39,000
Other	-	-	-	-	-
Other	76	76	76	76	76
Total cash received	144,340	154,081	101,966	101,822	101,758
Cash used					
Grant payments	56,553	59,463	52,523	54,566	55,620
Suppliers	476	476	476	476	476
Other	34,850	34,350	34,350	34,350	33,850
Total cash used	91,879	94,289	87,349	89,392	89,946
Net cash from/(used by) operating activities	-	-	-	-	-
	52,461	59,792	14,617	12,430	11,812
INVESTING ACTIVITIES					
Cash received					
Other	883,444	883,444	883,444	883,444	883,444
Total cash received	883,444	883,444	883,444	883,444	883,444
Cash used					
Other	1,020,553	1,030,722	895,265	894,878	895,460
Total cash used	1,020,553	1,030,722	895,265	894,878	895,460
Net cash from/(used by) investing activities	(137,109)	(147,278)	(11,821)	(11,434)	(12,016)
FINANCING ACTIVITIES					
Cash received					
Cash from Capital Injection	90,444	91,982			
Total cash received	90,444	91,982	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
	90,444	91,982	-	-	-
Net increase (decrease) in					
cash held					
	5,796	4,496	2,796	996	(204)
Cash at beginning of reporting period	72,496	78,292	82,788	85,584	86,580
Cash at end of reporting period	78,292	82,788	85,584	86,580	86,376

Table 3.9: Schedule of Administered Capital Budget

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Administered capital ^(K4)	90,444	91,982	-	-	-
Represented by:					
Purchase of non-current assets					
Other	90,444	91,982	-	-	-
Total	90,444	91,982	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	-	-	-	-	-

(K4) links to Table 1.1

NOTES TO THE FINANCIAL STATEMENTS

There will be new arrangements in relation to ATSIK's operations effective from 1 July 2003. ATSIK operates under the *Commonwealth Authorities and Companies (CAC) Act 1997*. A new Executive Agency, ATSIK, has been created under the *Public Service Act 1999* and this will include the majority of staff transferring from ATSIK.

Some staff will remain in ATSIK to provide administrative support for the elected arm of ATSIK.

The Housing and Regional Land Funds, which receive no appropriation, will remain with ATSIK and be administered according to the provisions of the Act.

ATSIK Departmental

1. ATSIK receives its revenue via appropriation from Government. Revenue raised from independent sources relates to interest on loans (Home and existing Business Loans) interest on bank accounts and revenue from ATSIK's subsidiaries and miscellaneous items.
2. ATSIK has budgeted for a positive operating result due to the predicted surpluses of the Housing and Regional Land Funds. These surpluses are as a result of interest revenue earned on assets of both Funds. Under the Act, revenue earned by the Funds must be used for the purpose of the Funds. This implies that ATSIK must budget for a positive operating result (equal to the estimated interest revenue earned by the Funds).
3. The largest asset on ATSIK's Statement of Financial Position is receivables. The receivables relate significantly to the Home and Business Loans programs of ATSIK. These programs allow Indigenous Australians to access loans for home and business when such loans are not available from mainstream lending institutions. Successful applicants face stringent loan criteria in order to access such loans. Existing Business Loans to 30 June 2003, will remain within ATSIK. The Business Loans program will be administered by ATSIK from 1 July 2003.
4. Under sections 69 and 70 of the Act, ATSIK is prohibited from raising debt. The debt noted on the balance sheet relates to ATSIK's subsidiaries.
5. Resources received free of charge from ATSIK such as financial and corporate services for example system administration, office accommodation, etc. have not been included in these statements.
6. The cash balance of \$40 million includes \$25 million quarantined for the Home Loan Program and \$8.45 million quarantined in the Regional Land Fund. The

residual cash balance of \$5.93 million is held within ATSIC's subsidiaries and \$0.62 million is available to fund ATSIC employee provisions.

7. Non-financial assets and other payables relate predominantly to ATSIC's subsidiaries.

ATSIC Administered

1. ATSIC's administered items are the Aboriginal and Torres Strait Islander Land Fund Account (ATSILF), the Aboriginal Benefits Account (ABA) and the Ranger Section 44 Payment.
2. ATSIC receives an administered special appropriation for the ATSILF (\$146.45 million in 2003-04) which comprises a capital injection component (\$91.98 million in 2003-04) to be invested in ATSILF and a current appropriation for a grant to the ILC (\$54.46 million in 2003-04).
3. As prescribed under the Act, interest generated on the investments (90 per cent of the interest revenue) for ATSILF are reinvested in highly secured cash/bond investments. The Act prohibits the use of such interest to subsidise ILC operations until 2004-05 when ATSILF no longer receives Government funding. Interest generated by the ABA (less than 10 per cent of total interest revenue) is used to support recurrent operational funding of the ABA. As 90 per cent of the interest earned is not used to subsidise operations, large surpluses are noted.
4. The majority of the grants expense is the payment to the ILC for its operations. The 'other' expenditure relates to administrative payments and distributions to the Land Councils.
5. Investments in the balance sheet comprised primarily of highly secured cash/bond investments relating to ATSILF. Each year, up to and including 2003-04, ATSILF receives a capital injection which is invested along with interest generated on current investments. This fund will increase to around \$1.2 billion (current estimates) at which time the ILC will no longer receive government funding and will rely on the revenue generated by ATSILF to support its operations.

Appropriations in the accrual budgeting framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

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

Special appropriations fund the majority of payments from the Consolidated Revenue Fund, especially those that are entitlement driven or involve transfers to State governments.

Capital Use Charge

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

Administered investments in controlled entities

Each Commonwealth agency is required to show an administered investment in each CAC Act entity within their portfolio. These administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.