

# MEDICARE AUSTRALIA

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# MEDICARE AUSTRALIA

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

On 1 October 2005 the Health Insurance Commission became Medicare Australia and an FMA agency. Medicare Australia administers a range of health-related programs on behalf of the Australian Government. The key programs are:

- Medicare
- Pharmaceutical Benefits Scheme (and Repatriation Pharmaceutical Benefits Scheme)
- Australian Organ Donor Register
- Australian Childhood Immunisation Register.

Medicare Australia also administers a range of programs relating to general practice, including the General Practice Immunisation Incentives Scheme, the Practice Incentives Program, the Rural Retention Program, and the General Practice Registrars' Rural Incentive Payments Scheme.

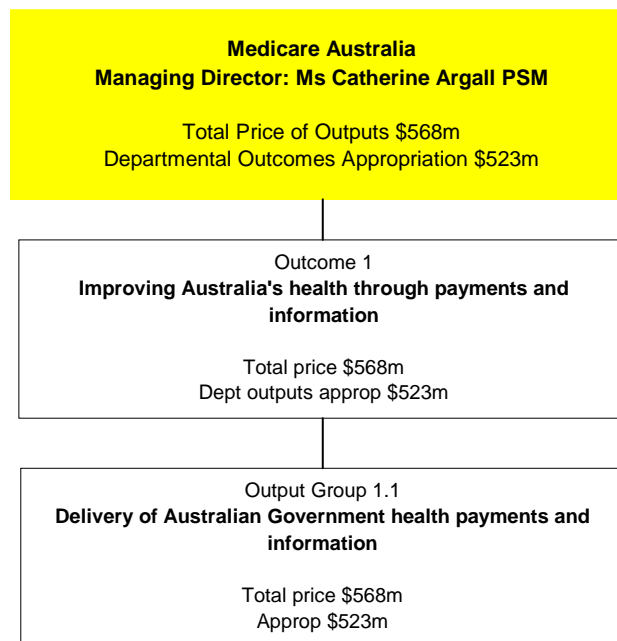
On 20 October 2005, Medicare Australia assumed responsibility for the aged care payments function from the Department of Health and Ageing and all payment staff became Medicare Australia employees.

Medicare Australia administers community rebate and reimbursement schemes, such as the Higher Education Contribution Scheme Reimbursement Scheme and the Private Health Insurance Rebate. We facilitate payments through the Family Assistance Office in partnership with Centrelink, the Australian Taxation Office and the Department of Families, Community Services and Indigenous Affairs.

Medicare Australia also administers the Medical Indemnity Scheme, the Vietnam Veterans' Childrens' Program, as well as the Special Assistance Programs for victims of the Bali bombings, Tsunami and London bombings.

Medicare Australia undertakes claims processing and payments on behalf of the Department of Veterans' Affairs (veterans' treatment accounts), the Office of Hearing Services, and the Health Department of Western Australia.

Medicare Australia reports to the Minister for Human Services through the Secretary of the Department of Human Services within the Finance and Administration Portfolio. Medicare Australia's outcome and output structure is represented below:



Medicare Australia's Departmental appropriations fund the management and infrastructure supporting the delivery of services. Payments to the community are funded within appropriation for which the Department of Health & Ageing maintains responsibility.

Medicare Australia derives the majority of its revenue through Departmental appropriations, for services provided on behalf of the Department of Health & Ageing.

Revenue for services provided are also received from the Department of Veterans' Affairs, the Department of Families, Community Services and Indigenous Affairs, and small amounts of revenue from other sources, including the Health Department of Western Australia, and for rent of facilities and sale of statistics. A few programs remain directly funded by Department of Health & Ageing (mainly one-off smaller projects outside ongoing appropriation arrangements).

**Table 1.1: Agency outcomes and output groups**

| Outcome   | Description   | Output groups   |
|---|---|---|
| <b>Outcome 1</b>  |   | <b>Output Group 1.1</b>   |
| Improving Australia's health through payments and information | Medicare Australia administers Medicare and delivers a comprehensive range of health information and payment services, increasing consumers' access to quality health care. Medicare Australia uses the National Medicare Office network, its State offices and, increasingly, electronic services to empower consumers to increase access to health and entitlement information. | Delivery of Australian government health payments and information |

## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

### Variations — Measures

**Table 1.2: Additional estimates and variations to outcomes-measures**

|   | 2005-06<br>(\$'000) | 2006-07<br>(\$'000) | 2007-08<br>(\$'000) | 2008-09<br>(\$'000) |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Outcome 1</b>  |                     |                     |                     |                     |
| Increase in departmental appropriations   |                     |                     |                     |                     |
| <b>Medical Indemnity - UMP - Support Payments</b>   |                     |                     |                     |                     |
| Expense   | 71                  | 0                   | -2,823              | -4,772              |
| <b>PBS - Fourth Community Pharmacy Agreement</b>  |                     |                     |                     |                     |
| Expense   | 2,737               | 2,020               | 1,904               | 1,964               |
| Capital   | 826                 | 0                   | 0                   | 0                   |
| <b>PBS - Anastrozole - Arimidex</b>   |                     |                     |                     |                     |
| Expense   | 4                   | 13                  | 21                  | 28                  |
| <b>PBS - Calcium Tablets in Renal failure</b>   |                     |                     |                     |                     |
| Expense   | 6                   | 11                  | 12                  | 13                  |
| <b>PBS - Oxaliplatin</b>  |                     |                     |                     |                     |
| Expense   | 11                  | 11                  | 12                  | 12                  |
| <b>PBS - Vytarin - Ezetimibe with Simvastatin</b>   |                     |                     |                     |                     |
| Expense   | 5                   | 51                  | 95                  | 149                 |
| <b>PBS - Inspra Eplerenone</b>  |                     |                     |                     |                     |
| Expense   | 3                   | 18                  | 29                  | 39                  |
| <b>Additional Funds: Extended hours for late night trading in Medicare Offices, FMA Transition and Ongoing and Fountain Gate and Rosebud Medicare Offices</b> |                     |                     |                     |                     |
| Expense   | 5,350               | 3,219               | 3,435               | 3,343               |
| <b>Total Expense</b>  | <b>8,187</b>        | <b>5,343</b>        | <b>2,685</b>        | <b>776</b>          |
| <b>Total Capital</b>  | <b>826</b>          | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>Total</b>  | <b>9,013</b>        | <b>5,343</b>        | <b>2,685</b>        | <b>776</b>          |

## Other variations to appropriations

**Table 1.3: Additional estimates and variations to outcomes  
other variations to appropriations**

|   | 2005-06<br>(\$'000) | 2006-07<br>(\$'000) | 2007-08<br>(\$'000) | 2008-09<br>(\$'000) |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Outcome 1</b>                          |                     |                     |                     |                     |
| Variations in departmental appropriations |                     |                     |                     |                     |
| Volume and WCI Adjustment                 | - 3,102 -           | 1,896 -             | 3,027 -             | 3,141               |
| Return of payroll tax funding             | - 12,592 -          | 17,457 -            | 18,124 -            | 18,887              |
| <b>Total</b>                              | - 15,694 -          | 19,353 -            | 21,151 -            | 22,028              |

## MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

| Measure   | Outcome | Output groups affected | 2005-06 (\$'000) |              |              | 2006-07 (\$'000) |              |              | 2007-08 (\$'000) |              |              | 2008-09 (\$'000) |              |            |
|---|---------|------------------------|------------------|--------------|--------------|------------------|--------------|--------------|------------------|--------------|--------------|------------------|--------------|------------|
|   |         |                        | Admin items      | Dept outputs | Total        | Admin items      | Dept outputs | Total        | Admin items      | Dept outputs | Total        | Admin items      | Dept outputs | Total      |
| Measure   |         |                        |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| <b>Medical Indemnity - UMP - Support Payments</b>   | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 71           | 71           | 0                | 0            | 0            | 0                | -2,823       | -2,823       | 0                | -4,772       | -4,772     |
| <b>PBS - Fourth Community Pharmacy Agreement</b>  | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 2,737        | 2,737        | 0                | 2,020        | 2,020        | 0                | 1,904        | 1,904        | 0                | 1,964        | 1,964      |
| Capital   |         |                        | 0                | 826          | 826          | 0                | 0            | 0            | 0                | 0            | 0            | 0                | 0            | 0          |
| <b>PBS - Anastrozole - Arimidex</b>   | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 4            | 4            | 0                | 13           | 13           | 0                | 21           | 21           | 0                | 28           | 28         |
| <b>PBS - Calcium Tablets in Renal failure</b>   | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 6            | 6            | 0                | 11           | 11           | 0                | 12           | 12           | 0                | 13           | 13         |
| <b>PBS - Oxaliplatin</b>  | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 11           | 11           | 0                | 11           | 11           | 0                | 12           | 12           | 0                | 12           | 12         |
| <b>PBS - Vytorin - Ezetimibe with Simvastatin</b>   | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 5            | 5            | 0                | 51           | 51           | 0                | 95           | 95           | 0                | 149          | 149        |
| <b>PBS - Inspira Eplerenone</b>   | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 3            | 3            | 0                | 18           | 18           | 0                | 29           | 29           | 0                | 39           | 39         |
| <b>Additional Funding: Extended hours for late night trading in Medicare Offices, FMA ongoing and transition costs and Fountain Gate and Rosebud Medicare Offices</b> | 1       | 1                      |                  |              |              |                  |              |              |                  |              |              |                  |              |            |
| Expense   |         |                        | 0                | 5,350        | 5,350        | 0                | 3,219        | 3,219        | 0                | 3,435        | 3,435        | 0                | 3,343        | 3,343      |
| <b>Total Expense</b>  |         |                        | <b>0</b>         | <b>8,187</b> | <b>8,187</b> | <b>0</b>         | <b>5,343</b> | <b>5,343</b> | <b>0</b>         | <b>2,685</b> | <b>2,685</b> | <b>0</b>         | <b>776</b>   | <b>776</b> |
| <b>Total Capital</b>  |         |                        | <b>0</b>         | <b>826</b>   | <b>826</b>   | <b>0</b>         | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>     | <b>0</b>     | <b>0</b>         | <b>0</b>     | <b>0</b>   |
| <b>Total</b>  |         |                        | <b>0</b>         | <b>9,013</b> | <b>9,013</b> | <b>0</b>         | <b>5,343</b> | <b>5,343</b> | <b>0</b>         | <b>2,685</b> | <b>2,685</b> | <b>0</b>         | <b>776</b>   | <b>776</b> |

Agency Additional Estimates Statements – Medicare Australia

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2005-06**

|  | 2004-05<br>available<br>\$'000 | 2005-06<br>budget<br>\$'000 | 2005-06<br>revised<br>\$'000 | Additional<br>estimates<br>\$'000 | Reduced<br>estimates<br>\$'000 |
|--|--------------------------------|-----------------------------|------------------------------|-----------------------------------|--------------------------------|
| <b>DEPARTMENTAL OUTPUTS</b>                                      |                                |                             |                              |                                   |                                |
| <b>Outcome 1</b>   |                                |                             |                              |                                   |                                |
| Improving Australia's health through<br>payments and information | 527,595                        | 530,755                     | 523,253                      | 8,192                             | 15,694                         |
| <b>Total</b>   | 527,595                        | 530,755                     | 523,253                      | 8,192                             | 15,694                         |
| <b>Total administered and<br/>departmental</b>                   | 527,595                        | 530,755                     | 523,253                      | 8,192                             | 15,694                         |

The amount shown in reduced estimates relates to revised volume and WCI adjustment (-\$3.1m) and the return of payroll tax funding to the Government (-\$12.6m) as the agency is no longer subject to payroll tax from 1 October 2005 as a result of the transition to an FMA agency.



**Table 1.6: Appropriation Bill (No. 4) 2005-06**

|                                     | 2004-05<br>available<br>\$'000 | 2005-06<br>budget<br>\$'000 | 2005-06<br>revised<br>\$'000 | Additional<br>estimates<br>\$'000 | Reduced<br>estimates<br>\$'000 |
|-------------------------------------|--------------------------------|-----------------------------|------------------------------|-----------------------------------|--------------------------------|
| <b>Non-operating</b>                |                                |                             |                              |                                   |                                |
| Equity injections                   | 19,978                         | 3,952                       | 4,778                        | 826                               | -                              |
| Loans                               | -                              | -                           | -                            | -                                 | -                              |
| Previous years' outputs             | -                              | -                           | -                            | -                                 | -                              |
| Administered assets and liabilities | -                              | -                           | -                            | -                                 | -                              |
| <b>Total capital</b>                | 19,978                         | 3,952                       | 4,778                        | 826                               | -                              |
| Medicare Australia                  | 19,978                         | 3,952                       | 4,778                        | 826                               | -                              |
| <b>Total</b>                        | 19,978                         | 3,952                       | 4,778                        | 826                               | -                              |

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

|   | 2005-06<br>Budget | 2005-06<br>Revised | Variation |
|---|-------------------|--------------------|-----------|
| <b>Outcome 1</b>  |                   |                    |           |
| Improving Australia's health through payments and information | 5050              | 4830               | -220      |
| <b>Total</b>  | 5050              | 4830               | -220      |

Medicare Australia's Financial position required the agency to undertake structural reform leading to a reduction in staffing levels.

## SUMMARY OF AGENCY SAVINGS

**Table 1.8: Summary of Agency Savings**

|   | 2005-06<br>Revised |
|---|--------------------|
| S Savings from annual appropriations            | <b>\$15.69m</b>    |
| T Transfer appropriation monies across outcomes | -                  |
| M Movements of funding between years            | -                  |
| (Any other categories if applicable)            |                    |
| <b>Total agency savings</b>                     | <b>\$15.69m</b>    |

The savings for Medicare Australia reflected in the table above comprise the following elements:

- the return to government of \$12.6m for payroll tax as from 1 October 2005, Medicare Australia is no longer subject to the tax as a result of becoming an FMA agency; and
- The return to government of \$3.1m are as a result of changes to volume estimates and WC I parameters.

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include FMA s.31 receipts and resources received free of charge.

The transfer of the Aged Care payments function from the Department of Health and Ageing has resulted in an increase of \$10.3m from budget in other receipts available to be used. There are also other variations in receipts from Department of Veterans Affairs, Department of Families, Community Services and Indigenous Affairs and Western Australia Health to reflect revised revenue estimates from these agencies. Interest revenue has been reduced from 1 October 2005 as a result of Medicare Australia becoming an FMA agency.

**Table 1.9: Other receipts available to be used**

|   | Budget<br>estimate<br>2005-06<br>\$'000 | Revised<br>estimate<br>2005-06<br>\$'000 |
|---|---|--|
| Outcome 1   |   |  |
| <b>Departmental other receipts</b>                                |   |  |
| Goods and Services  |   |  |
| Department of Veteran Affairs                                     | 18,408                                  | 16,198                                   |
| Department of Families, Community Services and Indigenous Affairs | 7,900                                   | 8,605                                    |
| Health Department of Western Australia                            | 2,000                                   | 1,183                                    |
| Department of Health and Ageing                                   | 3,219                                   | 12,453                                   |
| Other   | 3,000                                   | 4,927                                    |
| <b>Total Goods and Services</b>                                   | <b>34,527</b>                           | <b>43,366</b>                            |
| Interest  | 1,250                                   | 123                                      |
| Other Revenue   | 800                                     | 909                                      |
| <b>Total departmental other receipts available to be used</b>     | <b>36,577</b>                           | <b>44,398</b>                            |

## Section 2: Revisions to agency outcomes

### **OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS**

Table 1.1 'Agency outcomes and outputs groups' lists the outcome statements and output groups for Medicare Australia.

Medicare Australia has a single outcome and output.

**Outcome:** Improving Australia's health through payments and information

**Output:** Delivery of Australian Government health payments and information.

### **Revised performance information — 2005-06**

The performance information for the Agency remains unchanged from that specified in the 2005-06 Portfolio Budget Statements



## Section 3: Budgeted financial statements

### **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

An analysis of Medicare Australia's budgeted departmental financial statements is provided below. There were minimal budgetary changes to the financial statements resulting from the adoption of the Australian Equivalents to International Financial Reporting Standards (AEIFRS).

#### **Statement of Financial Performance**

Medicare Australia is estimating an operating loss of \$19.7m in the budget year (2005-06) and a breakeven position in the forward years. The operating loss is attributable to various cost pressures within the agency primarily associated with the slower than planned take up of on-line processing and payment options and one-off transitional costs. The transition costs relate to the transfer of the Aged Care payments function from the Department of Health and Ageing, FAO payment functions and the move to an FMA Agency.

The revenue estimate for the current budget year is \$567.7m which represents a reduction of \$25.8m from 2004-05 actuals. This is mainly attributable to the 2003-04 unearned income that was recognised in 2004-05 and the return of payroll tax funding to Government as the agency is no longer subject to payroll tax from 1 October 2005 once it transitioned to an FMA agency. The reduction is partially offset by an increase of approximately \$8.8m from budget in goods and services revenue which is mainly attributable to the transfer of the Aged Care payments function from the Department of Health and Ageing to Medicare Australia.

Although expenditure estimates have also decreased from 2004-05 actuals as a result of these changes, the reduction is partially offset by increased supplier costs relating to computer services and property which are expected to increase significantly from 2004-05 actuals and also transition and other costs identified as primary drivers of the operating loss. This has been mitigated by managerial action to minimise the operating loss. There is a decrease in depreciation expense of \$17.5m from 2004-05 actuals which is due to accelerated depreciation in 2004-05 following a review of useful lives.

There is a general increase in revenue across the forward years resulting from an expected increase in the provision of services to client agencies.

### **Statement of Financial Position**

Medicare Australia's budgeted net asset position of \$102.8m represents a reduction of \$14.9m from the 2004-05 actual. The reduction is primarily due to the budgeted operating loss of \$19.7m in the budget year which is reflected in receivables and accumulated results.

Another significant change to Medicare Australia's assets is in intangibles which have decreased by \$15.8m from budget. This is primarily as a result of an adjustment to restate the opening balance to reflect 2004-05 actuals in which there was a large increase in depreciation expenses following a review of useful lives.

Medicare Australia's primary liability continues to be accrued employee leave entitlements of \$76.5m. This represents an increase from budget of \$9.8m and is due to an adjustment to restate the opening balance to reflect 2004-05 actuals (\$7.8m) and revised estimates for this liability (\$2.0m).

## **BUDGETED FINANCIAL STATEMENTS**

### **Departmental financial statements**

#### **Budgeted departmental income statement (see table 3.1)**

The statement represents the expected financial results for Medicare Australia by identifying total accrued revenue and expenses.

#### **Budgeted departmental balance sheet (see table 3.2)**

The statement represents the financial position of Medicare Australia and assists decision-makers in tracking the management of assets and liabilities.

#### **Budgeted departmental statement of cash flows (see table 3.3)**

The statement represents the nature and extent of expected cash flows for Medicare Australia resulting from operating, investing and financing activities.

#### **Departmental statement of changes in equity – summary of movement (see table 3.4)**

The statement represents movements in accumulated results, capital contributions and reserves during the budget year for Medicare Australia.

#### **Departmental capital budget statement (see table 3.5)**

The statement represents planned capital expenditure (expenditure on non-current assets) for Medicare Australia, whether funded through capital appropriations or from internal sources.

#### **Departmental property, plant, equipment and intangibles — summary of movement (see table 3.6)**

The summary shows budgeted acquisitions and disposals of non-financial assets during the budget year for Medicare Australia.

**Table 3.1: Budgeted departmental income statement (for the period ended 30 June)**

|  | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>INCOME</b>  |                             |  |  |  |  |
| <b>Revenue</b>   |                             |  |  |  |  |
| Revenues from Government   | 527,595                     | 523,253                                | 525,889                                  | 530,007                                  | 540,595                                  |
| Goods and services   | 63,896                      | 43,366                                 | 44,895                                   | 45,207                                   | 42,292                                   |
| Interest   | 746                         | 123                                    | -  | -  | -  |
| Dividends  | -                           | -                                      | -  | -  | -  |
| Rents  | -                           | -                                      | -  | -  | -  |
| Royalties  | -                           | -                                      | -  | -  | -  |
| Other  | 1,210                       | 909                                    | 800                                      | 800                                      | 800                                      |
| <b>Total revenue</b>   | <b>593,447</b>              | <b>567,651</b>                         | <b>571,584</b>                           | <b>576,014</b>                           | <b>583,687</b>                           |
| <b>Gains</b>   |                             |  |  |  |  |
| Net foreign exchange gains   | -                           | -                                      | -  | -  | -  |
| Reversals of previous asset<br>write-downs   | -                           | -                                      | -  | -  | -  |
| Net gains from sale of assets  | 2,718                       | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total gains</b>   | <b>2,718</b>                | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total income</b>  | <b>596,165</b>              | <b>567,651</b>                         | <b>571,584</b>                           | <b>576,014</b>                           | <b>583,687</b>                           |
| <b>EXPENSE</b>   |                             |  |  |  |  |
| Employees  | 321,820                     | 315,805                                | 295,476                                  | 303,203                                  | 313,823                                  |
| Suppliers  | 213,840                     | 235,433                                | 241,424                                  | 237,730                                  | 234,780                                  |
| Grants   | -                           | -                                      | -  | -  | -  |
| Subsidies  | -                           | -                                      | -  | -  | -  |
| Depreciation and amortisation  | 53,587                      | 36,093                                 | 34,684                                   | 35,081                                   | 35,084                                   |
| Finance costs  | -                           | -                                      | -  | -  | -  |
| Write-down of assets and<br>impairment of assets   | -                           | -                                      | -  | -  | -  |
| Net losses from sale of assets   | 3,118                       | -                                      | -  | -  | -  |
| Net foreign exchange losses  | 20                          | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total expenses</b>  | <b>592,385</b>              | <b>587,331</b>                         | <b>571,584</b>                           | <b>576,014</b>                           | <b>583,687</b>                           |
| Share of operating results of<br>associates and joint ventures<br>accounted for using the equity<br>method | -                           | -                                      | -  | -  | -  |



**Table 3.1: Budgeted departmental income statement (cont)**  
**(for the period ended 30 June)**

|   | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>Operating result from continuing operations</b>                        | 3780                        | (19,680)                               | 0  | 0  | 0  |
| Operating result from discontinued operations                             | -                           | -                                      | -  | -  | -  |
| Gain (loss) on remeasuring discontinued operations                        | -                           | -                                      | -  | -  | -  |
| <b>Operating result</b>   | 3,780                       | (19,680)                               | -  | -  | -  |
| Minority interest in net surplus or (deficit)                             | -                           | -                                      | -  | -  | -  |
| <b>Net surplus or (deficit) attributable to the Australian Government</b> | 3,780                       | (19,680)                               | -  | -  | -  |

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

|   | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS</b>   |                             |  |  |  |  |
| <b>Financial assets</b>                                   |                             |  |  |  |  |
| Cash  | 6,878                       | 6,814                                  | 6,750                                    | 6,750                                    | 6,750                                    |
| Receivables   | 88,816                      | 72,489                                 | 66,182                                   | 67,409                                   | 69,650                                   |
| Investments accounted for under<br>the equity method      | -                           | -                                      | -  | -  | -  |
| Investments (s.39 FMA Act;<br>s.18 CAC Act; s.19 CAC Act) | -                           | -                                      | -  | -  | -  |
| Other investments   | -                           | -                                      | -  | -  | -  |
| Tax assets  | -                           | -                                      | -  | -  | -  |
| Accrued revenues  | 1,915                       | 1,915                                  | 1,915                                    | 1,915                                    | 1,915                                    |
| Other   | -                           | -                                      | -  | -  | -  |
| <b>Total financial assets</b>                             | <b>97,609</b>               | <b>81,218</b>                          | <b>74,847</b>                            | <b>76,074</b>                            | <b>78,315</b>                            |
| <b>Non-financial assets</b>                               |                             |  |  |  |  |
| Land and buildings  | -                           | -                                      | -  | -  | -  |
| Infrastructure, plant and equipment                       | 30,495                      | 30,508                                 | 28,818                                   | 26,350                                   | 25,388                                   |
| Investment properties                                     | -                           | -                                      | -  | -  | -  |
| Heritage and cultural assets                              | -                           | -                                      | -  | -  | -  |
| Inventories   | -                           | -                                      | -  | -  | -  |
| Intangibles   | 94,607                      | 96,149                                 | 101,426                                  | 105,261                                  | 106,092                                  |
| Biological assets   | -                           | -                                      | -  | -  | -  |
| Assets held for sale                                      | -                           | -                                      | -  | -  | -  |
| Other   | 6,767                       | 6,767                                  | 6,767                                    | 6,767                                    | 6,767                                    |
| <b>Total non-financial assets</b>                         | <b>131,869</b>              | <b>133,424</b>                         | <b>137,011</b>                           | <b>138,378</b>                           | <b>138,247</b>                           |
| <b>Total assets</b>                                       | <b>229,478</b>              | <b>214,642</b>                         | <b>211,858</b>                           | <b>214,452</b>                           | <b>216,562</b>                           |
| <b>LIABILITIES</b>  |                             |  |  |  |  |
| <b>Interest bearing liabilities</b>                       |                             |  |  |  |  |
| Loans   | -                           | -                                      | -  | -  | -  |
| Leases  | -                           | -                                      | -  | -  | -  |
| Deposits  | -                           | -                                      | -  | -  | -  |
| Overdraft   | -                           | -                                      | -  | -  | -  |
| Other   | -                           | -                                      | -  | -  | -  |
| <b>Total interest bearing liabilities</b>                 | <b>-</b>                    | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Provisions</b>   |                             |  |  |  |  |
| Employees   | 77,985                      | 76,524                                 | 71,082                                   | 72,933                                   | 75,499                                   |
| Other   | -                           | -                                      | -  | -  | -  |
| <b>Total provisions</b>                                   | <b>77,985</b>               | <b>76,524</b>                          | <b>71,082</b>                            | <b>72,933</b>                            | <b>75,499</b>                            |
| <b>Payables</b>   |                             |  |  |  |  |
| Suppliers   | 30,332                      | 33,394                                 | 34,240                                   | 33,712                                   | 33,290                                   |
| Grants  | -                           | -                                      | -  | -  | -  |
| Dividends   | -                           | -                                      | -  | -  | -  |
| Finance costs   | -                           | -                                      | -  | -  | -  |
| Other   | 3,443                       | 1,908                                  | 1,621                                    | 1,397                                    | 1,363                                    |
| <b>Total payables</b>                                     | <b>33,775</b>               | <b>35,302</b>                          | <b>35,861</b>                            | <b>35,109</b>                            | <b>34,653</b>                            |
| Liabilities included in disposal<br>groups held for sale  | -                           | -                                      | -  | -  | -  |
| <b>Total liabilities</b>                                  | <b>111,760</b>              | <b>111,826</b>                         | <b>106,943</b>                           | <b>108,042</b>                           | <b>110,152</b>                           |

**Table 3.2: Budgeted departmental balance sheet (cont)**  
**(as at 30 June)**

|   | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>EQUITY*</b>                                |                             |  |  |  |  |
| <b>Parent entity interest</b>                 |                             |  |  |  |  |
| Contributed equity                            | 154,150                     | 158,928                                | 161,027                                  | 162,522                                  | 162,522                                  |
| Reserves                                      | 11,948                      | 11,948                                 | 11,948                                   | 11,948                                   | 11,948                                   |
| Statutory funds                               | -                           | -                                      | -  | -  | -  |
| Retained surpluses or<br>accumulated deficits | (48,380)                    | (68,060)                               | (68,060)                                 | (68,060)                                 | (68,060)                                 |
| <b>Total parent entity interest</b>           | <b>117,718</b>              | <b>102,816</b>                         | <b>104,915</b>                           | <b>106,410</b>                           | <b>106,410</b>                           |
| <b>Minority interest</b>                      |                             |  |  |  |  |
| Contributed equity                            | -                           | -                                      | -  | -  | -  |
| Reserves                                      | -                           | -                                      | -  | -  | -  |
| Statutory funds                               | -                           | -                                      | -  | -  | -  |
| Retained surpluses or<br>accumulated deficits | -                           | -                                      | -  | -  | -  |
| <b>Total minority interest</b>                | <b>-</b>                    | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total equity</b>                           | <b>117,718</b>              | <b>102,816</b>                         | <b>104,915</b>                           | <b>106,410</b>                           | <b>106,410</b>                           |
| <b>Current assets</b>                         | <b>104,376</b>              | <b>87,985</b>                          | <b>81,614</b>                            | <b>82,841</b>                            | <b>85,082</b>                            |
| <b>Non-current assets</b>                     | <b>125,102</b>              | <b>126,657</b>                         | <b>130,244</b>                           | <b>131,611</b>                           | <b>131,480</b>                           |
| <b>Current liabilities</b>                    | <b>67,410</b>               | <b>67,450</b>                          | <b>64,505</b>                            | <b>65,167</b>                            | <b>66,440</b>                            |
| <b>Non-current liabilities</b>                | <b>44,350</b>               | <b>44,376</b>                          | <b>42,438</b>                            | <b>42,875</b>                            | <b>43,712</b>                            |

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)**

|  | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                            |                             |  |  |  |  |
| <b>Cash received</b>                                   |                             |  |  |  |  |
| Goods and services                                     | 37,372                      | 46,561                                 | 44,657                                   | 45,158                                   | 42,746                                   |
| Appropriations   | 451,365                     | 536,385                                | 532,434                                  | 528,829                                  | 537,900                                  |
| Interest   | 746                         | 123                                    | -  | -  | -  |
| Dividends  | -                           | -                                      | -  | -  | -  |
| Other  | 28,715                      | 16,235                                 | 16,126                                   | 16,126                                   | 16,126                                   |
| <b>Total cash received</b>                             | <b>518,198</b>              | <b>599,304</b>                         | <b>593,217</b>                           | <b>590,113</b>                           | <b>596,772</b>                           |
| <b>Cash used</b>                                       |                             |  |  |  |  |
| Employees  | 314,582                     | 317,266                                | 300,918                                  | 301,352                                  | 311,257                                  |
| Suppliers  | 228,050                     | 233,906                                | 240,865                                  | 238,482                                  | 235,236                                  |
| Grants   | -                           | -                                      | -  | -  | -  |
| Financing costs  | -                           | -                                      | -  | -  | -  |
| Other  | 28,537                      | 15,326                                 | 15,326                                   | 15,326                                   | 15,326                                   |
| <b>Total cash used</b>                                 | <b>571,169</b>              | <b>566,498</b>                         | <b>557,109</b>                           | <b>555,160</b>                           | <b>561,819</b>                           |
| <b>Net cash from or (used by) operating activities</b> | <b>(52,971)</b>             | <b>32,806</b>                          | <b>36,108</b>                            | <b>34,953</b>                            | <b>34,953</b>                            |
| <b>INVESTING ACTIVITIES</b>                            |                             |  |  |  |  |
| <b>Cash received</b>                                   |                             |  |  |  |  |
| Proceeds from sales of property, plant and equipment   | 1,930                       | -                                      | -  | -  | -  |
| Proceeds from sales of financial instruments           | -                           | -                                      | -  | -  | -  |
| Bills of exchange and promissory notes                 | -                           | -                                      | -  | -  | -  |
| Repayments of loans made                               | -                           | -                                      | -  | -  | -  |
| Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act) | -                           | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total cash received</b>                             | <b>1,930</b>                | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>                                       |                             |  |  |  |  |
| Purchase of property, plant and equipment              | 51,612                      | 37,648                                 | 38,271                                   | 36,448                                   | 34,953                                   |
| Purchase of financial instruments                      | -                           | -                                      | -  | -  | -  |
| Bills of exchange and promissory notes                 | -                           | -                                      | -  | -  | -  |
| Loans made   | -                           | -                                      | -  | -  | -  |
| Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act) | -                           | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total cash used</b>                                 | <b>51,612</b>               | <b>37,648</b>                          | <b>38,271</b>                            | <b>36,448</b>                            | <b>34,953</b>                            |
| <b>Net cash from or (used by) investing activities</b> | <b>(49,682)</b>             | <b>(37,648)</b>                        | <b>(38,271)</b>                          | <b>(36,448)</b>                          | <b>(34,953)</b>                          |

**Table 3.3: Budgeted departmental statement of cash flows (cont)**  
**(for the period ended 30 June)**

|  | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>FINANCING ACTIVITIES</b>  |                             |  |  |  |  |
| <b>Cash received</b>   |                             |  |  |  |  |
| Appropriations - contributed equity  | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| Proceeds from issuing financial instruments                                    | -                           | -                                      | -  | -  | -  |
| Proceeds from loans  | -                           | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total cash received</b>   | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| <b>Cash used</b>   |                             |  |  |  |  |
| Repayments of debt   | -                           | -                                      | -  | -  | -  |
| Dividends paid   | -                           | -                                      | -  | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total cash used</b>   | -                           | -                                      | -  | -  | -  |
| <b>Net cash from or (used by) financing activities</b>                         | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| <b>Net increase or (decrease) in cash held</b>                                 | (85,318)                    | (64)                                   | (64)                                     | -  | -  |
| Cash at the beginning of the reporting period                                  | 92,196                      | 6,878                                  | 6,814                                    | 6,750                                    | 6,750                                    |
| Effect of exchange rate movements on cash at the beginning of reporting period | -                           | -                                      | -  | -  | -  |
| <b>Cash at the end of the reporting period</b>                                 | 6,878                       | 6,814                                  | 6,750                                    | 6,750                                    | 6,750                                    |

## Agency Additional Estimates Statements – Medicare Australia

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)**

|  | Accumulated<br>results<br>\$'000 | Asset<br>revaluation<br>reserve<br>\$'000 | Other<br>reserves<br>\$'000 | Contributed<br>equity/<br>capital<br>\$'000 | Total<br>equity<br>\$'000 |
|--|----------------------------------|---|-----------------------------|---|---------------------------|
| <b>Opening balance as at 1 July 2005</b>                       |                                  |   |                             |   |                           |
| Balance carried forward from previous period                   | (48,380)                         | 11,948                                    | -                           | 154,150                                     | 117,718                   |
| Adjustment for changes in accounting policies                  | -                                | -   | -                           | -   | -                         |
| <b>Adjusted opening balance</b>                                | (48,380)                         | 11,948                                    | -                           | 154,150                                     | 117,718                   |
| <b>Income and expense</b>                                      |                                  |   |                             |   |                           |
| Income and expenses recognised directly in equity:             |                                  |   |                             |   |                           |
| Gain/loss on revaluation of property                           | -                                | -   | -                           | -   | -                         |
| <b>Sub-total income and expense</b>                            | -                                | -   | -                           | -   | -                         |
| Net operating result   | (19,680)                         | -   | -                           | -   | (19,680)                  |
| <b>Total income and expenses recognised directly in equity</b> | (19,680)                         | -   | -                           | -   | (19,680)                  |
| <b>Transactions with owners</b>                                |                                  |   |                             |   |                           |
| <i>Distribution to owners</i>                                  |                                  |   |                             |   |                           |
| Returns on capital   |                                  |   |                             |   |                           |
| Dividends  | -                                | -   | -                           | -   | -                         |
| Returns of capital   |                                  |   |                             |   |                           |
| Restructuring  | -                                | -   | -                           | -   | -                         |
| Other  | -                                | -   | -                           | -   | -                         |
| <i>Contribution by owners</i>                                  |                                  |   |                             |   |                           |
| Appropriation (equity injection)                               | -                                | -   | -                           | 4,778                                       | 4,778                     |
| Other:   |                                  |   |                             |   |                           |
| Restructuring  | -                                | -   | -                           | -   | -                         |
| <b>Sub-total transactions with owners</b>                      | -                                | -   | -                           | 4,778                                       | 4,778                     |
| Transfers between equity components                            | -                                | -   | -                           | -   | -                         |
| <b>Closing balance as at 30 June 2006</b>                      | (68,060)                         | 11,948                                    | -                           | 158,928                                     | 102,816                   |

**Table 3.5: Departmental capital budget statement**

|   | Actual<br>2004-05<br>\$'000 | Revised<br>budget<br>2005-06<br>\$'000 | Forward<br>estimate<br>2006-07<br>\$'000 | Forward<br>estimate<br>2007-08<br>\$'000 | Forward<br>estimate<br>2008-09<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>CAPITAL APPROPRIATIONS</b>               |                             |  |  |  |  |
| Total equity injections                     | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| Total loans                                 | -                           | -                                      | -  | -  | -  |
| <b>Total capital appropriations</b>         | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| <b>Represented by:</b>                      |                             |  |  |  |  |
| Purchase of non-financial assets            | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| Other                                       | -                           | -                                      | -  | -  | -  |
| <b>Total represented by</b>                 | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| <b>PURCHASE OF NON-FINANCIAL<br/>ASSETS</b> |                             |  |  |  |  |
| Funded by capital appropriation             | 17,335                      | 4,778                                  | 2,099                                    | 1,495                                    | -  |
| Funded internally by                        |                             |  |  |  |  |
| Departmental resources                      | 34,277                      | 32,870                                 | 36,172                                   | 34,953                                   | 34,953                                   |
| <b>Total</b>                                | 51,612                      | 37,648                                 | 38,271                                   | 36,448                                   | 34,953                                   |

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

|  | Land   | Investment<br>property | Buildings | Specialist<br>military<br>equipment | Other<br>infrastructure<br>plant and<br>equipment | Heritage<br>and cultural<br>assets | Computer<br>software | Other<br>intangibles | Total   |
|--|--------|------------------------|-----------|-------------------------------------|---|------------------------------------|----------------------|----------------------|---------|
|  | \$'000 | \$'000                 | \$'000    | \$'000                              | \$'000  | \$'000                             | \$'000               | \$'000               | \$'000  |
| <b>As at 1 July 2005</b>   |        |                        |           |                                     |   |                                    |                      |                      |         |
| Gross book value   | -      | -                      | -         | -                                   | 32,949  | -                                  | 189,994              | -                    | 222,943 |
| Accumulated depreciation   | -      | -                      | -         | -                                   | 2,454   | -                                  | 95,387               | -                    | 97,841  |
| <b>Opening net book value</b>  |        |                        |           |                                     | 30,495  | -                                  | 94,607               | -                    | 125,102 |
| Additions:   |        |                        |           |                                     |   |                                    |                      |                      |         |
| by purchase  | -      | -                      | -         | -                                   | 11,266  | -                                  | 1,249                | -                    | 12,515  |
| by finance lease   | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| internally developed   | -      | -                      | -         | -                                   | -   | -                                  | 25,133               | -                    | 25,133  |
| from acquisitions of entities or<br>operations (including restructuring) | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| Revaluations and impairment through<br>equity                            | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| Reclassifications  | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| Depreciation/amortisation expense  | -      | -                      | -         | -                                   | 11,253  | -                                  | 24,840               | -                    | 36,093  |
| Impairments recognised in operating<br>result                            | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| Other movements  | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| Disposals:   |        |                        |           |                                     |   |                                    |                      |                      |         |
| from disposal of entities or<br>operations (including restructuring)     | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| other disposals  | -      | -                      | -         | -                                   | -   | -                                  | -                    | -                    | -       |
| <b>As at 30 June 2006</b>  |        |                        |           |                                     |   |                                    |                      |                      |         |
| Gross book value   | -      | -                      | -         | -                                   | 44,215  | -                                  | 216,376              | -                    | 260,591 |
| Accumulated depreciation   | -      | -                      | -         | -                                   | 13,707  | -                                  | 120,227              | -                    | 133,934 |
| <b>Closing net book value</b>  | -      | -                      | -         | -                                   | 30,508  | -                                  | 96,149               | -                    | 126,657 |



## **Notes to the financial statements**

The financial statements reflect the entries to the Accrual Information Management System (AIMS) as at January 2006.

### **Basis of accounting**

The agency budget statements have been prepared in accordance with AEIFRS and other Finance guidelines.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits can be reliably measured.

The continued existence of Medicare Australia in its present form and functions is dependent on government policy and ongoing business.