

**PORTFOLIO
BUDGET STATEMENTS
2007-08**

HUMAN SERVICES PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

BUDGET RELATED PAPER NO. 1.10

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SENATOR THE HON. CHRISTOPHER ELLISON

Minister for Human Services
Senator for Western Australia

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2007-08 Budget for the Human Services Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement of the outcomes for the portfolio.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Ellison', with a stylized flourish at the end.

CHRIS ELLISON
Senator for Western Australia

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact the Chief Financial Officer, in the Department of Human Services on (02) 6223 4000.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.

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**PURPOSE AND STRUCTURE OF
PORTFOLIO BUDGET
STATEMENTS**

Purpose of the Portfolio Budget Statements

The purpose of the 2007-08 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2007-08 (or Appropriation Bill [Parliamentary Departments] No. 1 2007-08 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

Structure of the Portfolio Budget Statements

The Portfolio Budget Statements (PB Statements) are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

Part	Description
User Guide to the Portfolio Budget Statements	
	An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.
Portfolio Overview	
	A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.
Agency Budget Statements	
	For each agency within the portfolio, a budget statement is presented in five sections:
Section 1: Overview	A brief overview of the agency.
Section 2: Resources	A reconciliation of agency resourcing information from the <i>2006-07 Mid-Year Economic and Fiscal Outlook</i> to the 2007-08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
Glossary	Explains key terms.
Index	Alphabetical guide to the PB Statements.

PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2007-08*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2007-08 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007-08
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007-08
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	(Agency) Resources for 2007-08
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2007-08 (Agency) Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007-08

Departmental and Administered Distinction

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

Departmental

Revenues, expenses, assets and liabilities in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered

Revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- 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 Territories; 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). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007-08*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

Purpose and Structure of Portfolio Budget Statements

The schedules included in the budgeted financial statements for 2007-08 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Budgeted departmental statement of changes in equity — summary of movement	This is a new statement for Portfolio Budget Statements that represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
Departmental capital budget statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non financial assets during the Budget year.
Schedule of budgeted income and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of administered property, plant, equipment and intangibles — summary of movement	Discloses details of movements in administered non financial assets.

PORTFOLIO OVERVIEW

HUMAN SERVICES PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

The Department of Human Services was created on 26 October 2004 as part of the Finance and Administration Portfolio to improve the development and delivery of Government social and health related services to the Australian people.

As a result of the Administrative Arrangements Orders (AAOs) issued on 30 January 2007, the Department of Human Services and its agencies have been transferred to the newly created Human Services Portfolio.

The Department of Human Services is the central policy and coordination department of the portfolio. The department is working with other departments and agencies to ensure the effective and efficient implementation of Government policy. The core function of the department is to ensure early consideration of service delivery issues in the policy development process and improve the quality and cost effectiveness of services within and across the Human Services agencies

HUMAN SERVICES AGENCIES

AGENCIES WITHIN HUMAN SERVICES PORTFOLIO

Human Services comprises the following General Government Sector entities and Non-Government Sector Entities:

General Government Sector Entities

- The **Department of Human Services** consists of the Core Department, the Child Support Agency and CRS Australia. The Core Department is small and strategic. The role of the department is to direct, coordinate and broker improvements to service delivery. The Child Support Agency ensures that children of separated parents receive financial support from both parents. CRS Australia assists people with an injury or a disability to get a job or return to work by providing individualised vocational rehabilitation, and helping employers to keep their workplaces safe.
- **Centrelink** delivers a range of government payments and services for retirees, families, carers, parents, people with disabilities, indigenous people, and people from diverse cultural and linguistic backgrounds and provides services at times of major change.

Portfolio Overview

- **Medicare Australia** looks after the health of Australians through efficient services and payments such as Medicare, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register and the Australian Organ Donor Register.

Non-Government Sector Entities (Public Non-Financial Corporations)

- **Australian Hearing** is one of the largest hearing service providers in the world and is dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21, eligible adults and aged pensioners, and most war veterans.
- **Health Services Australia** is a government business enterprise established in 1997 focusing primarily on occupational health and safety and medical assessments.

As required under Section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates. These entities are not reported in the Portfolio Budget Statements.

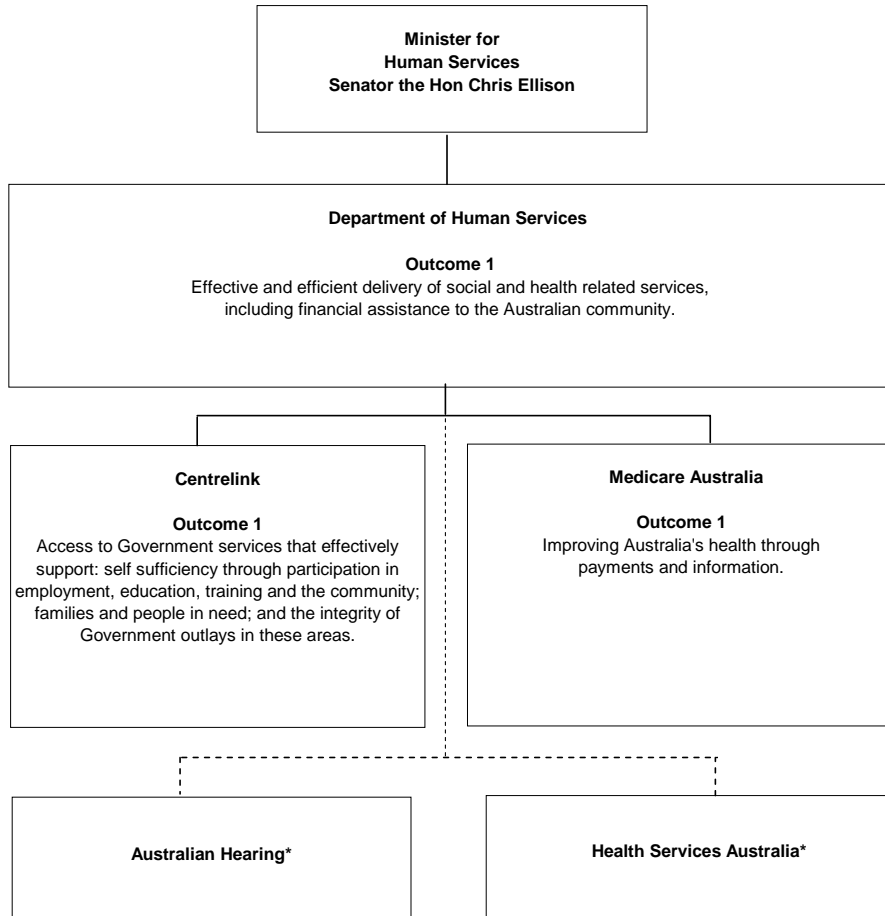
More comprehensive information on activities undertaken within the Department of Human Services and its agencies is available on the following web site.

<http://www.humanservices.gov.au>

APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

There have been no changes to the structure of the Department of Human Services and its agencies since the publication of the 2006-07 Portfolio Additional Estimates Statements in February 2007.

Figure 1: Portfolio structure and outcomes



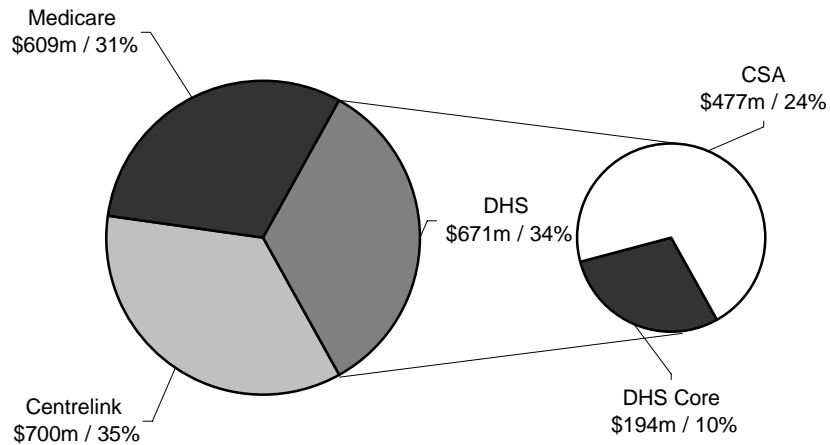
* These agencies are non-general government sector entities and are not consolidated into the Commonwealth general government sector fiscal estimates. Therefore they are not reported in the Portfolio Budget Statements.

Portfolio Overview

Funds appropriated to the Department of Human Services and its agencies in 2007-08 total \$2.196 billion, comprising both departmental and administered appropriations (including capital and special appropriations).

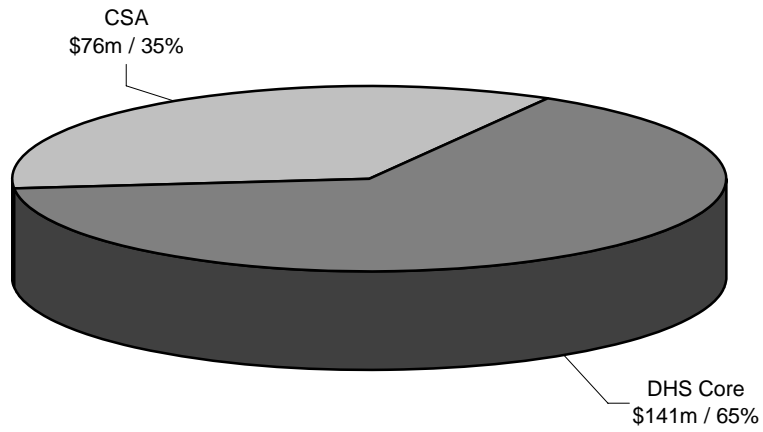
Departmental appropriations (including capital appropriations) for agencies within the Department of Human Services in 2007-08 total \$1.979 billion. Figure 2 compares the allocation of these resources across the Department of Human Services agencies.

Figure 2: Departmental appropriations for agencies in the portfolio, 2007-08



1. The Department of Human Services consists of the Core Department, the Child Support Agency and CRS Australia.
2. CRS Australia is funded under purchaser provider and fee for service arrangements and does not receive direct appropriations.

Figure 3: Administered appropriations for agencies in the portfolio



Administered appropriations for Department of Human Services agencies in 2007-08 total \$217 million. The majority of the funds are managed by the Core Department for the Job Capacity Assessment program. The remaining funds are for the Child Support Agency.

AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE) HUMAN SERVICES PORTFOLIO

Table 1 provides details of Australian Government Indigenous Expenditure for 2007-08.

Table 1: Australian Government Indigenous Expenditure – portfolio level

Outcome	Appropriations				Other	Total
	Bill	Bill	Special	Total		
	No. 1	No. 2	Approp	Approp	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000		
(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	
Outcome 1						
Centrelink						
Administered 2007-08	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	62,333	62,333
<i>Departmental 2006-07</i>	-	-	-	-	63,387	63,387
Total Outcome 2007-08	-	-	-	-	62,333	62,333
<i>Total Outcome 2006-07</i>	-	-	-	-	63,387	63,387
Outcome 1						
Medicare Australia						
Administered 2007-08	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	1,592	1,592
<i>Departmental 2006-07</i>	-	-	-	-	1,551	1,551
Total Outcome 2007-08	-	-	-	-	1,592	1,592
<i>Total Outcome 2006-07</i>	-	-	-	-	1,551	1,551
Outcome 1						
Department of Human Services						
Administered 2007-08	-	-	-	-	454	454
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	-	-
<i>Departmental 2006-07</i>	-	-	-	-	-	-
Total Outcome 2007-08	-	-	-	-	454	454
<i>Total Outcome 2006-07</i>	-	-	-	-	-	-
Administered 2007-08	-	-	-	-	454	454
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	63,925	63,925
<i>Departmental 2006-07</i>	-	-	-	-	64,938	64,938
Total AGIE 2007-08	-	-	-	-	64,379	64,379
<i>Total AGIE 2006-07</i>	-	-	-	-	<i>64,938</i>	<i>64,938</i>

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DEPARTMENT OF HUMAN SERVICES

(INCLUDING CHILD SUPPORT AGENCY AND CRS AUSTRALIA)

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DEPARTMENT OF HUMAN SERVICES

Section 1: Overview

Core Department

The Department of Human Services was established to improve the development, delivery and coordination of the Government's social and health related services to the Australian people. The department is working with other departments and agencies to ensure the effective and efficient implementation of Government policy. The core function of the department is to ensure early consideration of service delivery issues in the policy development process and improve the quality and cost effectiveness of services within and across the Human Services agencies.

Child Support Agency

The Child Support Agency (CSA) supports separated parents to resolve their child support issues by providing assessment, registration, collection and disbursement services taking into account their individual circumstances. CSA also offers assistance to parents to connect to support services when they need assistance with broader issues affecting their lives and their children. The Child Support Scheme is designed to ensure that both parents contribute to the cost of their children, according to their capacity. The scheme is expected to transfer over \$2.7 billion between parents for the benefit of just over 1.1 million children in 2007-08.

CRS Australia

CRS Australia operates within the Department of Human Services and is the largest provider of expert assessment and vocational rehabilitation services in Australia.

It is the largest provider of Government funded vocational rehabilitation services provided under the *Disability Services Act 1986*. These services are purchased from CRS Australia by the Department of Employment and Workplace Relations (DEWR).

CRS Australia also provides career planning services for the Department of Education Science and Training (DEST), vocational rehabilitation services for the Department of Veterans' Affairs (DVA), Wage Assessments and Case Management in Business Services for the Department of Families, Community Services and Indigenous Affairs (FaCSIA) and rehabilitation and injury prevention services to a range of workers' compensation insurers.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
Effective and efficient delivery of social and health related services, including financial assistance to the Australian community	The Department of Human Services ensures a whole-of-Government approach to health and social related service delivery	Output 1 Core Department Facilitation and promotion of effective and efficient delivery of social and health related services
	The CSA ensures that children of separated parents receive the financial support that both their parents are responsible for providing	Output 2 Child Support Agency Delivery of child support assessment, registration, collection and disbursement services
	CRS Australia assists people who have a disability or injury to return to work	Output 3 CRS Australia Delivery of vocational rehabilitation services to eligible people who have an injury, disability or health condition

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total of departmental and administered appropriations for the department in the 2007-08 Budget (including capital and special appropriation) is \$887.9 million. While appropriations are provided directly to the Core Department and CSA, CRS Australia is funded under purchaser provider and fee for service arrangements and as such does not receive direct appropriations.

Table 2.1: Appropriations and other resources 2007-08 ('000)

Department of Human Services										
Agency Resourcing—2007-2008										
Agency/Outcome/ Non-operating	Departmental				Administered					
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Bill No. 2 Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Total \$'000
Outcome 1	609,054	-	-	264,780	144,521	-	-	72,665	982,094	2,073,114
Equity injections	-	61,638	-	-	-	-	-	-	-	61,638
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	609,054	61,638	-	264,780	144,521	-	-	72,665	982,094	2,134,752

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

1. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

2. Refer to Budgeted Income Statement for application of agency revenue.

Table 2.1.1: Supplementary Table - Appropriations and other resources 2007-08 by Output ('000)

Department of Human Services										
Agency Resourcing—2007-2008										
Agency/Outcome/ Non-operating	Departmental				Administered					
	Appropriation	Appropriation	Special	Receipts	Appropriation	Appropriation	Bill No. 2	Special	Receipts	Total
	Bill No. 1	Bill No. 2	Appropriation	(a)	Bill No. 1	SPP	Other (b)	Appropriation	(a)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Core Department										
Outcome 1	142,083	-	-	19,544	141,130	-	-	-	14,113	316,870
Equity injections	-	51,761	-	-	-	-	-	-	-	51,761
	142,083	51,761	-	19,544	141,130	-	-	-	14,113	368,631
Child Support Agency										
Outcome 1	466,971	-	-	18,816	3,391	-	-	72,665	967,981	1,529,824
Equity injections	-	9,877	-	-	-	-	-	-	-	9,877
	466,971	9,877	-	18,816	3,391	-	-	72,665	967,981	1,539,701
CRS Australia										
Outcome 1	-	-	-	226,420	-	-	-	-	-	226,420
Equity injections	-	-	-	-	-	-	-	-	-	-
	-	-	-	226,420	-	-	-	-	-	226,420
TOTAL	609,054	61,638	-	264,780	144,521	-	-	72,665	982,094	2,134,752

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

2.2 2007-08 BUDGET MEASURES

Budget measures relating to the Department of Human Services including measures impacting on CSA and CRS Australia are explained in Budget Paper No. 2. The measures are summarised in Table 2.2 and identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2 Department of Human Services measures

Measure Title	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin exp	Dept outputs	Total	Admin exp	Dept outputs	Total	Admin exp	Dept outputs	Total	Admin exp	Dept outputs	Total
Department of Human Services														
<i>Expense Measures</i>														
Human Services - additional funding	1	1	-	3,000	3,000	-	3,000	3,000	-	3,000	3,000	-	3,000	3,000
Murray-Darling Basin - providing drought support information to farmers	1	1	-	1,000	1,000	-	1,000	1,000	-	-	-	-	-	-
Efficiencies in service delivery agencies	1	2	-	-	-	-	(500)	(500)	-	(700)	(700)	-	(700)	(700)
Fraud and compliance - a more strategic approach to addressing fraud and non-compliance	1	1	-	519	519	-	-	-	-	-	-	-	-	-

Measure Title	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11			
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000			
			Admin exp	Dept outputs	Total	Admin exp	Dept outputs	Total	Admin exp	Dept outputs	Total	Admin expens	Dept outputs	Total	
Department of Employment and Workplace Relations															
<i>Expense Measures</i>															
Job Capacity Assessment - reinforcing the role	1	1	-	147	147	-	-	-	-	-	-	-	-	-	
Job Capacity Assessment - reinforcing the role ²	1	3	-	60	60	-	202	202	-	204	204	-	204	204	
Vocational Rehabilitation Services and the Disability Employment Network - eligibility for adult prisoners with a disability ²	1	3	-	114	114	-	46	46	-	-	-	-	-	-	
Vocational Rehabilitation Services and the Disability Employment Network - additional places ²	1	3	-	8,204	8,204	-	10,917	10,917	-	10,571	10,571	-	10,842	10,842	
Department of Families, Community Services and Indigenous Affairs															
<i>Expense Measures</i>															
A Better Future for Indigenous Australians - Indigenous employment services	1	1	454	-	454	454	-	454	454	-	454	454	-	454	
Total Expense Measures			454	13,044	13,498	454	14,665	15,119	454	13,075	13,529	454	13,346	13,800	

Notes:

- These figures are presented on the basis of resources the agency will have available to implement the measure (eg appropriations). This differs from the GFS accrual basis ("fiscal balance") in Budget Paper 2.
- Funded through Purchaser-Provider arrangement between the Department of Employment & Workplace Relations and CRS Australia.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Department of Human Services for provision of goods or services. These resources are approved for use by the department and are included in Table 2.1.

The department collects a substantial amount of its departmental revenue from other sources. CRS Australia is fully funded via purchaser provider arrangements with both government and non-government entities. In 2007-08, CRS Australia will collect an estimated \$218.2 million in revenue.

The Child Support Agency collects administered receipts from Penalty Recovery, Costs and Child Support Revenues.

Table 2.3: Other resources available to be used¹

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
CRS Australia	203,058	218,238
Child Support Agency	1,400	1,940
Total departmental other resources available to be used	204,458	220,178
Administered other resources		
Child Support Agency <i>Child Support (Registration and Collections) Act 1988</i>	957,136	999,012
Total administered other resources available to be used	957,136	999,012

1. This table replaces the former table 'Receipts from Other sources'. It represents own source receipts available for spending on departmental purposes.

2. Revenue from Ordinary Activities differs from departmental receipts because:

- Revenue is prepared on an accrual basis, and receipts, on a cash basis; and
- Receipts include GST input credit receipts and GST receipts from customers.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Administration, and may be moved to a future period, in accordance with provisions in legislation. Table 2.4 shows the movement of administered funds approved since the 2006-07 Additional Estimates.

Table 2.4: Movement of administered funds between years

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-2011 \$'000
Outcome 1					
Job Capacity Assessment	(6,000)	6,000	-	-	-
Total Movement of Administered Appropriations	(6,000)	6,000	-	-	-

2.5 SPECIAL APPROPRIATIONS

Special appropriations related to the department are administered by the Child Support Agency. Both special appropriations are provided through the *Child Support (Registration and Collection) Act 1988*. Estimated expenses associated with these special appropriations are provided in the table below.

Table 2.5: Estimates of expenses from special appropriations

		Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
	Outcome		
Estimated expenses			
<i>Child Support (Registration and Collection) Act 1988</i>			
	<i>Child Support s77 - Short falls in CSA Trust (A)</i>	1 69,568	72,615
	<i>Child Support s78 - Unexplained Remittances (A)</i>	1 50	50
Total estimated expenses		69,618	72,665

(A) = Administered

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account.

The department administers an administered special account for the Child Support Agency Trust and a departmental special account for other trust monies. Estimated balances, receipts and payments for 2007-08 are provided in the table below. Actual balances, receipts and payments for this special account will be disclosed in the department's annual report.

Table 2.6: Estimates of special account flows and balances

		Opening balance 2007-08	Receipts 2007-08	Payments 2007-08	Adjustments 2007-08	Closing balance 2007-08
		<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Child Support Trust - Child Support Act 1988 (A)</i>	1	41,614 38,504	973,032 932,242	969,002 929,132	- -	45,644 41,614
Other Trust Monies (D)	1	46 46	- 140	- 140	- -	46 46
Total special accounts 2007-08 Budget estimate		41,660	973,032	969,002	-	45,690
Total special accounts 2006-07 estimated actual		38,550	932,382	929,272	-	41,660

(A) = Administered

(D) = Departmental

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

Table 2.7 provides details of departmental equity injections. The department does not have an appropriation for administered capital or loans.

Table 2.7: Departmental equity injections

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Health and Social Services Access Card	34,925	51,761	2,405	2,510	-
Child Support Reforms	23,928	9,877	1,835	-	-
Total equity injections	58,853	61,638	4,240	2,510	-

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programmes on behalf of the Government (administered items).

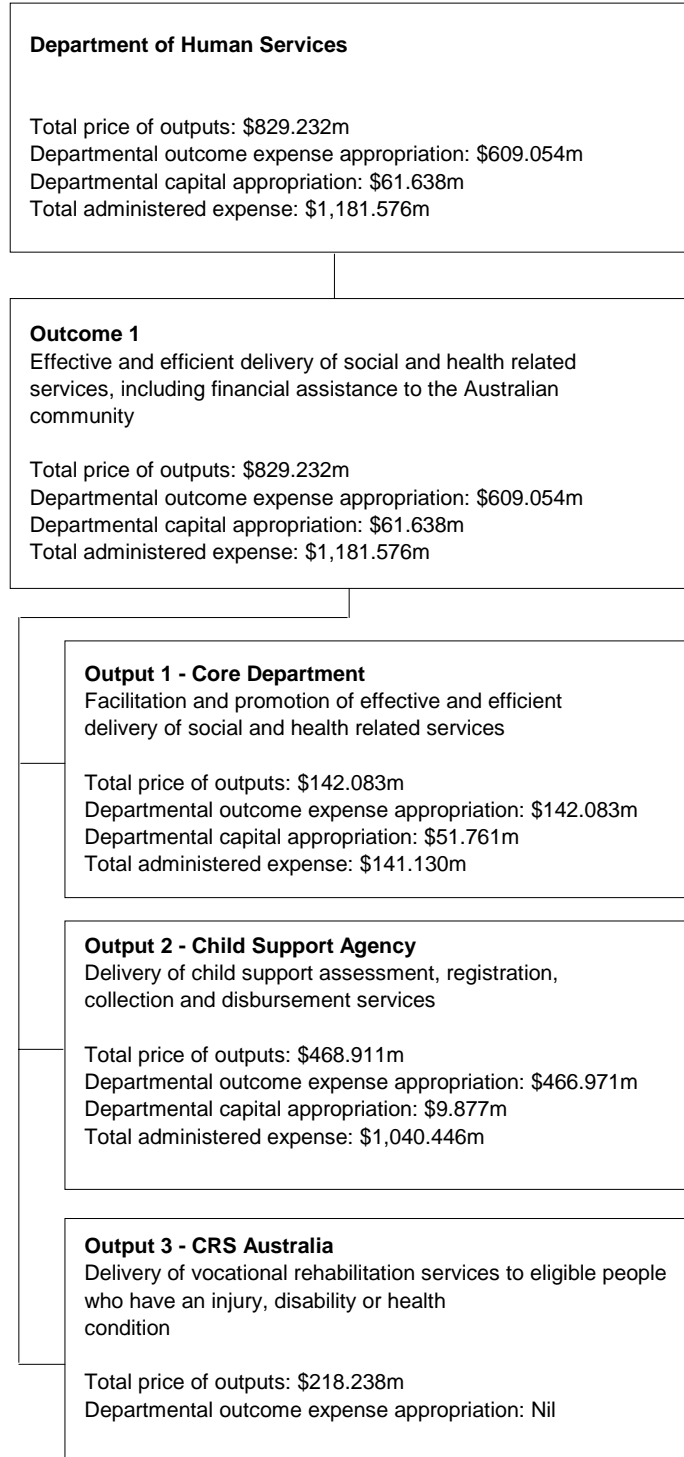
This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for the Core Department, CSA and CRS Australia. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The attribution of costs of each output is derived from the operating cost of each of the Core Department, CSA and CRS Australia.

The relationship between activities of each of the agencies and the outcome is summarised in Figure 4.

Figure 4: Contributions to outcomes



3.2 OUTCOMES - DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

The department has one outcome and three outputs as shown in Figure 4 on the previous page. Figure 5 shows departmental appropriations by output for 2007-08. The total departmental appropriation (including capital appropriation) for DHS Outcome 1 is \$670.7 million.

Figure 5: Departmental appropriations by outcome, 2007-08

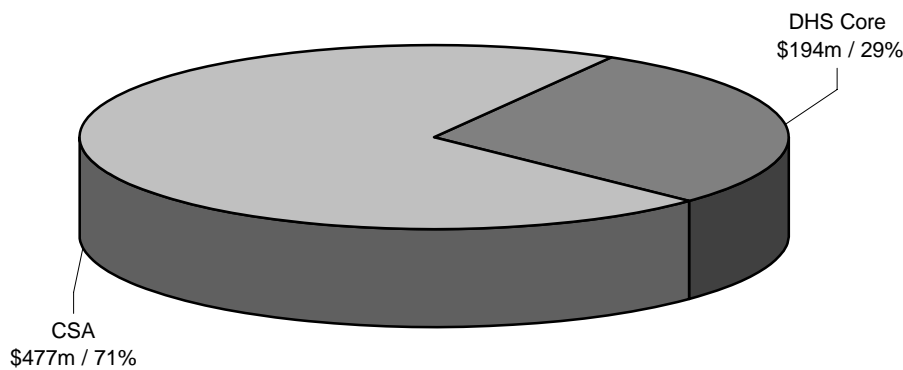


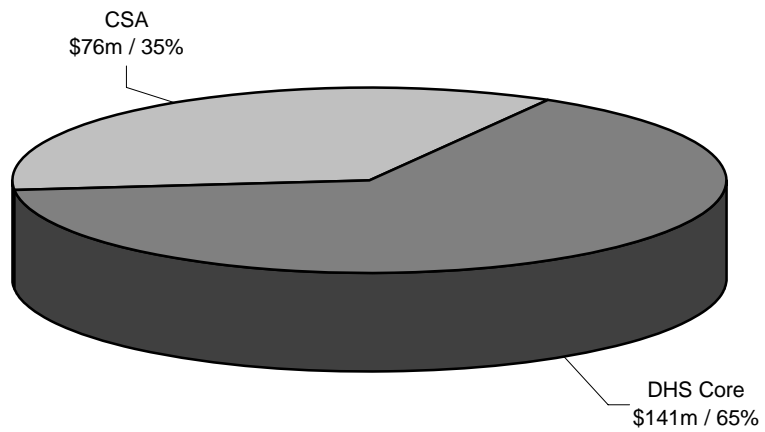
Figure 5 illustrates the appropriation funding and outputs. The Core Department receives approximately 29% of the departmental appropriations provided to the department, while CSA receives approximately 71% of available departmental appropriations. Both the Core Department and CSA are appropriation funded. CRS Australia is not represented in this Figure as CRS Australia does not receive a direct appropriation.

Administered appropriations by outcome

The total administered appropriation for DHS Outcome 1 is \$217.2 million (including special appropriations). The Core Department receives approximately 65% of the administered appropriations provided to the department, while CSA receives approximately 35% of available administered appropriations. Figure 6 shows administered appropriations by output for 2007-08.

The Core Department receives an administered appropriation for the Job Capacity Assessment program. CSA's administered appropriations are in relation to Support for Unemployed Payers and Recovery Revenue.

Figure 6: Administered appropriations by outcome, 2007-08



3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Core Department Annual Appropriation Bill 1	104,000	141,130
Child Support (Registration and Collection) Act 1988	3,999	3,391
Child Support Agency Annual Appropriation Bill 1		
Child Support s77 - shortfalls in CSA Trust	69,568	72,615
Child Support s78 - Unexplained Remittances	50	50
Total administered appropriations	177,617	217,186
from Special Accounts (estimated payments from Special Account balances²)		
Child Support Agency Trust	929,132	969,002
Total Special Account outflows	929,132	969,002
Departmental appropriations		
Output Group 1 - Core Department	79,158	142,083
Subtotal Output Group 1	79,158	142,083
Output Group 2 - Child Support Agency	356,929	466,971
Subtotal Output Group 2	356,929	466,971
Output Group 3 - CRS Australia	-	-
Subtotal Output Group 3	-	-
Total revenue from government (appropriations)	436,087	609,054
Contributing to price of departmental outputs		
Revenue from other sources		
Output Group 2 - Child Support Agency	1,400	1,940
Output Group 3 - CRS Australia	203,058	218,238
Total revenue from other sources	204,458	220,178
Total price from departmental outputs		
(Total revenue from government and from other sources)	640,545	829,232
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	818,162	1,046,418
	2006-07	2007-08
Core Department	180	230
Child Support Agency	3,383	4,390
CRS Australia	1,691	1,889
Average staffing level (number)	5,254	6,509

1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of total estimated resourcing.

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the Department of Human Services, CSA and CRS Australia are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Output	2007-08 Budget Performance information
Output 1	Core Department
	<p>Quality The degree of satisfaction of the Minister and his office with the quality and timeliness of advice and the achievement of key tasks as expressed through formal and informal feedback.</p> <p>Quantity On the basis of experience since the establishment of the department in October 2004, the department expects annually to: * process approximately 7,000 pieces of Ministerial correspondence; * provide approximately 1,800 briefings to the Minister and his office; and * prepare draft answers to approximately 300 Parliamentary Questions on Notice.</p> <p>Price The price of the core department's outputs in 2007-08 is \$142.083 million.</p>
Output 2	Child Support Agency
	<p>Quality Increased customer satisfaction with CSA's service.</p> <p>Cost Cost per case (estimate: \$472) Cost per dollar transferred (estimate: 14 cents)</p> <p>Effectiveness (Adequacy) Total amount of child support transferred between parents (estimate \$2.7 billion)</p> <p>Effectiveness (Independence) * Child support transfer rate (CSA collect and Private collect) (estimate: 96.5 per cent) * Percentage of Private collect cases to total active cases (CSA collect and Private collect cases) (estimate: 52.6 per cent)</p> <p>Price The price of CSA's outputs in 2007-08 is \$468.911 million.</p>
Output 3	CRS Australia
	<p>Quality Certification against Disability Services Standards.</p> <p>Quantity * Number of new job seekers assisted on a rehabilitation program. * Number of rehabilitation job seekers achieving durable employment outcomes.</p> <p>Effectiveness and Efficiency * Proportion of job seekers achieving durable employment outcomes. * Efficiency - CRS Australia must deliver effective rehabilitation programmes within the funding provided as a viable business unit. * CRS Australia undertakes a range of other services for government and private agencies with each agreement requiring certain performance indicators to be met.</p> <p>Price The price of CRS's outputs in 2007-08 \$218.238 million.</p>

Evaluations for Outcome 1

CRS Australia is independently audited each year for compliance with the Disability Standards made pursuant to the *Disability Services Act (1986)*.

Independent surveys of customer and client satisfaction are conducted on behalf of CRS Australia on a regular basis and these along with client feedback are used in business planning and continuous improvement initiatives.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other General Government Sector (GGS) bodies, for example in payment for services rendered or as part of cross agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole of government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between GGS agencies that are not consolidated or reported at the whole of government level.

Contractual arrangements are specified in a Memorandum of Understanding between CRS Australia and the Department of Employment and Workplace Relations (DEWR). CRS Australia's performance is monitored through DEWR's IT system, EA3000.

Purchaser arrangements with customers follow a similar model of clearly defined outputs /outcomes with regular reporting on progress. Performance requirements are clearly defined in tender and contract processes with some purchasers also requiring specific accreditation in addition to the *Disability Services Act (1986)* accreditation process against Disability Standards.

There are currently no purchaser provider arrangements for the Child Support Agency.

Cross agency overview

CRS Australia has a Memorandum of Understanding (MOU) with DEWR for the provision of vocational rehabilitation programs for people with disabilities under Part III of the *Disability Services Act 1986*.

CRS Australia has a Memorandum of Understanding (MOU) with DEST to deliver approximately 6,850 career planning places across Australia until 31 December 2007.

A further MOU with FaCSIA requires CRS Australia to deliver Wage Assessment and Case Management in Business services. Management performance standards cover volume, timeliness and the range of services recommended. Wage Assessment performance standards cover volume, timeliness and quality.

CRS Australia has an MOU with the Department of Veterans' Affairs for delivery of vocational rehabilitation services for the Veterans' Vocational Rehabilitation Scheme.

4.2 COST RECOVERY ARRANGEMENTS

The Department of Human Services does not provide goods and services which are subject to cost recovery policy.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Please refer to the Portfolio Overview, Table 1: Australian Government Indigenous Expenditure for a summary of expenditure.

Section 5: Budgeted financial statements

The financial statements report the consolidated budgeted financial results for the Core Department, CSA and CRS Australia. A brief analysis of the Department of Human Services budgeted financial statements is provided below.

To provide additional disclosure, separate agency budget information for the Core Department, CSA and CRS Australia is provided from Tables 5.12 to 5.35.

5.1 ANALYSIS OF FINANCIAL STATEMENTS

Departmental

Budgeted departmental income statement

The Department of Human Services is budgeting for an operating surplus of \$1.2 million for 2007-08, compared to an estimated operating surplus of \$28.1 million for 2006-07. The 2007-08 operating surplus is associated with surpluses generated by CRS Australia (\$2.3 million), offset by an operating deficit for the Core Department (\$1.1 million) and a forecasted break even result for the Child Support Agency. The 2006-07 operating surplus is due to the Core Department (\$1.1 million), the Child Support Agency (\$12.5 million) and CRS Australia (\$14.5 million).

The total revenue for 2007-08 for the department is estimated to be \$829.2 million, of which \$609.1 million is from appropriation and \$220.1 million is from independent sources, predominantly from CRS Australia's business operations. Total revenue has increased by \$188.7 million from the 2006-07 estimated actual. The increase is principally due to increases in appropriation funding (\$173.0 million) for the Health and Social Services Access Card and Child Support Reforms measures and new measures announced for the Budget. For a breakdown of new measures, please refer to Table 2.2: Department of Human Services Measures.

The Core Department will receive appropriation revenue of \$142.1 million (2006-07: \$79.2 million) and the Child Support Agency will receive \$467.0 million (2006-07: \$356.9 million). CRS Australia will receive revenue from the sale of goods and services of approximately \$218.2 million (2006-07: \$203.1 million).

Total expenses for 2007-08 are expected to be \$826.7 million (excluding income tax). Total expenses has increased by \$215.5 million from the 2006-07 estimated actual and represents the additional expenses to be incurred to deliver outputs related to new and existing measures.

Budgeted departmental balance sheet

This statement shows the estimated end of year position of the department.

The department's estimated equity position as at 30 June 2008 is expected to increase on 30 June 2007 due to the receipt of equity injections to the Core Department (\$51.8 million) and the Child Support Agency (\$9.9 million) for capital expenditure related to the Health and Social Services Access Card and Child Support Reforms, and the expected 2007-08 operating surplus of \$1.2 million.

Some movements are expected in the following areas:

Total financial assets – decreased marginally from \$185.3 million in 2006-07 to \$168.8 million in 2007-08. The majority of the decrease is in receivables related to the Core Department for purchase of assets related to the Health and Social Services Access Card.

Total non-financial assets – increased from \$85.9 million in 2006-07 to \$171.7 million in 2007-08. The increase is mainly due to increased capital spend on intangibles within the Core Department for the Health and Social Services Access Card.

Provisions - increased from \$81.9 million in 2006-07 to \$87.8 million in 2007-08. The majority of the increase is related to employee provisions to reflect increased staffing as a result of Health and Social Services Access Card and Child Support Reforms measures.

Administered

Schedule of budgeted income and expenses administered on behalf of government

The schedule shows the estimated revenues and expenses for the programmes the department administers on the behalf of the Government.

Total administered revenue budgeted for 2007-08 is \$1,063.8 million, consisting of \$49.9 million from Child Support penalties, \$8.3 million in dividends from Health Services Australia and Australian Hearing, \$6.5 million in competitive neutrality payments from Australian Hearing, and \$999.0 million from Child Support receipts.

Administered expenses for 2007-08 is estimated to be \$1,181.6 million. The movement between financial years is predominantly due to changes in Child Support payments and a rephasing of \$6.0 million from 2006-07 to 2007-08 for the Job Capacity Assessment program.

Schedule of budgeted assets and liabilities administered on behalf of government

The schedule shows the estimated assets and liabilities the department administers on behalf of the Government.

The movements in assets and liabilities administered on behalf of government are due to the revision of CSA's budget estimates.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	436,087	609,054	651,059	566,804	503,853
Goods and services	203,958	219,678	207,193	194,738	194,710
Other	500	500	500	500	500
Total revenue	640,545	829,232	858,752	762,042	699,063
Total income	640,545	829,232	858,752	762,042	699,063
EXPENSE					
Employees	354,555	439,621	428,126	396,828	436,994
Suppliers	241,017	360,981	386,383	319,382	219,320
Depreciation and amortisation	15,458	25,953	40,744	43,055	39,355
Finance costs	101	106	111	116	86
Write-down of assets and impairment of assets	55	55	58	58	58
Losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	611,186	826,716	855,422	759,439	695,813
Surplus (Deficit) before income tax	29,359	2,516	3,330	2,603	3,250
Income tax expense	1,260	1,323	1,389	1,389	1,389
Surplus (deficit) attributable to the Australian Government	28,099	1,193	1,941	1,214	1,861

Table 5.2: Budgeted departmental balance sheet as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	19,189	19,888	19,890	19,481	18,108
Receivables	165,838	147,648	183,199	199,279	217,814
Accrued revenues	289	1,300	1,300	1,300	1,300
Other	-	-	-	-	-
Total financial assets	185,316	168,836	204,389	220,060	237,222
Non-financial assets					
Land and buildings	47,468	49,385	41,612	41,953	34,679
Infrastructure, plant and equipment	8,321	5,020	5,352	4,555	4,456
Intangibles	28,617	115,807	100,663	83,604	67,029
Other	1,445	1,442	1,443	1,443	1,443
Total non-financial assets	85,851	171,654	149,070	131,555	107,607
Total assets	271,167	340,490	353,459	351,615	344,829
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	9,044	7,883	6,721	5,560	4,399
Other	906	-	-	-	-
Total interest bearing liabilities	9,950	7,883	6,721	5,560	4,399
Provisions					
Employees	77,851	83,595	86,169	86,010	83,894
Other	4,079	4,184	4,296	3,687	3,773
Total provisions	81,930	87,779	90,465	89,697	87,667
Payables					
Suppliers	28,648	31,153	36,498	32,859	27,403
Tax Liabilities	397	407	326	326	326
Dividends	-	-	-	-	-
Other	937	1,132	1,132	1,132	1,132
Total payables	29,982	32,692	37,956	34,317	28,861
Total liabilities	121,862	128,354	135,142	129,574	120,927
Net assets	149,305	212,136	218,317	222,041	223,902
EQUITY*					
Contributed equity	106,672	168,310	172,550	175,060	175,060
Reserves	791	791	791	791	791
Retained surpluses or accumulated deficits	41,842	43,035	44,976	46,190	48,051
Total equity	149,305	212,136	218,317	222,041	223,902
Current assets	186,761	170,278	205,832	221,503	238,665
Non-current assets	84,406	170,212	147,627	130,112	106,164
Current liabilities	91,397	96,266	101,357	97,181	90,695
Non-current liabilities	30,466	32,089	33,786	32,394	30,232

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

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	202,558	217,738	207,193	194,738	194,710
Appropriations	413,093	590,941	612,908	547,018	483,317
Net GST received	18,263	37,722	31,468	26,184	16,243
GST receipts from customers	6,265	6,880	6,253	6,253	6,253
Cash from the OPA	-	500	500	2,000	2,000
Other	500	2,440	500	500	500
Total cash received	640,679	856,221	858,822	776,693	703,023
Cash used					
Employees	347,211	432,797	425,052	391,258	434,254
Suppliers	235,890	360,612	380,820	328,341	230,930
Competitive neutrality payments	1,260	1,323	1,389	1,389	1,389
Cash to the OPA	22,000	-	-	-	-
Net GST paid	24,528	43,929	37,642	32,358	22,416
Total cash used	630,889	838,661	844,903	753,346	688,989
Net cash from or (used by) operating activities	9,790	17,560	13,919	23,347	14,034
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	44,910	111,758	18,157	25,542	15,407
Other	-	-	-	724	-
Total cash used	44,910	111,758	18,157	26,266	15,407
Net cash from or (used by) investing activities	(44,910)	(111,758)	(18,157)	(26,266)	(15,407)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	28,854	94,897	4,240	2,510	-
Other	-	-	-	-	-
Total cash received	28,854	94,897	4,240	2,510	-
Net cash from or (used by) financing activities	28,854	94,897	4,240	2,510	-
Net increase or (decrease) in cash held	(6,266)	699	2	(409)	(1,373)
Cash at the beginning of the reporting period	25,455	19,189	19,888	19,890	19,481
Cash at the end of the reporting period	19,189	19,888	19,890	19,481	18,108

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	41,842	-	791	106,672	149,305
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	41,842	-	791	106,672	149,305
Income and expense					
Surplus (deficit) for the period	1,193	-	-	-	1,193
Total income and expenses recognised directly in equity	1,193	-	-	-	1,193
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	61,638	61,638
Sub-total transactions with owners	-	-	-	61,638	61,638
Estimated closing balance as at 30 June 2008					
	43,035	-	791	168,310	212,136

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	55,056	61,638	4,240	2,510	-
Previous years' outputs	3,797	-	-	-	-
Total capital appropriations	58,853	61,638	4,240	2,510	-
Represented by:					
Purchase of non-financial assets	55,056	61,638	4,240	2,510	-
Other	3,797	-	-	-	-
Total represented by	58,853	61,638	4,240	2,510	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	25,595	94,897	4,240	2,510	-
Funded internally by	-	-	-	-	-
Departmental resources	19,315	16,861	13,917	23,032	15,407
Total	44,910	111,758	18,157	25,542	15,407

Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	558	60,876	16,084	36,699	114,217
Accumulated depreciation	-	13,966	7,763	8,082	29,811
Opening net book value	558	46,910	8,321	28,617	84,406
Additions:					
by purchase	-	11,406	358	99,995	111,759
Depreciation/amortisation expense	-	9,489	3,659	12,805	25,953
As at 30 June 2008					
Gross book value	558	72,282	16,442	136,694	225,976
Accumulated depreciation	-	23,455	11,422	20,887	55,764
Estimated closing net book value	558	48,827	5,020	115,807	170,212

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	47,848	49,941	52,107	54,347	56,663
Total taxation	47,848	49,941	52,107	54,347	56,663
Non-taxation					
Interest (from related entities)	-	-	-	-	-
Dividends (from related entities)	16,400	14,830	14,830	14,830	14,830
Other sources of non-taxation revenues	957,136	999,012	1,042,343	1,087,158	1,133,500
Total non-taxation	973,536	1,013,842	1,057,173	1,101,988	1,148,330
Total revenues administered on behalf of Government	1,021,383	1,063,784	1,109,280	1,156,335	1,204,993
Total income administered on behalf of Government	1,021,383	1,063,784	1,109,280	1,156,335	1,204,993
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Personal benefits	750	-	-	-	-
Suppliers (external)	104,000	141,130	127,608	127,608	127,608
Write down and impairment of assets	50,565	56,198	58,635	61,156	63,762
Child support payments	943,395	984,248	1,026,936	1,071,085	1,116,740
Total expenses administered on behalf of Government	1,098,710	1,181,576	1,213,179	1,259,849	1,308,110

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	20	20	20	20	20
Receivables	516,143	536,921	558,600	581,211	604,786
Investments accounted for under the equity method	43,612	43,612	43,612	43,612	43,612
Other financial assets	-	-	-	-	-
Total financial assets	559,775	580,553	602,232	624,843	648,418
Total assets administered on behalf of Government	559,775	580,553	602,232	624,843	648,418
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Accrued child support payments	454,301	469,548	485,454	502,045	519,343
Other payables	31,204	32,259	33,349	34,473	30,907
Total payables	485,505	501,807	518,803	536,518	550,250
Total liabilities administered on behalf of Government	485,505	501,807	518,803	536,518	550,250

Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	3,828	3,995	4,169	4,348	4,533
GST Input Credit Receipts	10,400	14,113	12,760	12,760	12,760
Cash from the OPA	1,033,132	1,110,132	1,138,637	1,182,102	1,227,050
Child support receipts	927,419	967,981	1,009,967	1,053,390	1,098,293
Dividends	12,300	8,300	8,300	8,300	8,300
Competitive neutrality revenue	4,100	6,530	6,530	6,530	6,530
Other	-	-	-	-	-
Total cash received	1,991,179	2,111,051	2,180,363	2,267,430	2,357,466
Cash used					
Child support payments	927,385	967,946	1,009,940	1,053,370	1,103,008
Personal benefits	750	-	-	-	-
Suppliers	104,000	141,130	127,608	127,608	127,608
Net GST paid	10,400	14,113	12,760	12,760	12,760
Cash to the OPA	948,642	987,862	1,030,055	1,073,692	1,114,090
Total cash used	1,991,177	2,111,051	2,180,363	2,267,430	2,357,466
Net cash from or (used by) operating activities	2	-	-	-	-
Net increase or (decrease) in cash held	2	-	-	-	-
Cash at beginning of reporting period	18	20	20	20	20
Cash at end of reporting period	20	20	20	20	20

Table 5.10: Schedule of administered capital budget

This table is not included as the Department does not receive any administered capital appropriations.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

This table is not included as the Department does not manage any administered property, plant, equipment and intangibles.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budgeted financial statements have been prepared on an accruals basis, having regard to Statements of Accounting Concepts, and in accordance with:

- Australian Equivalents to International Financial Reporting Standards (AEIFRS)
- the Finance Minister's Orders;
- authoritative pronouncements of the Australian Accounting Standards Boards; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which are at valuation.

Assets and liabilities are recognised in the Balance Sheet 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 Income Statement when and only when the flow or consumption or loss of economic benefits can be reliably measured.

The continued existence of the Department of Human Services in its present form and functions is dependent on government policy and ongoing business.

Departmental and Administered items

The department's assets, liabilities, revenues and expenses are those items controlled by the department that are used in producing outputs, and include:

- computers, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenue from appropriations or independent sources in payment for outputs; and
- employee, supplier and depreciation expenses incurred in providing departmental outputs.

Administered items are those items controlled by the government and managed, or oversighted, by the department on behalf of the government.

Revenue

Appropriations from government are revenues relating to the core operating activities of the department. CRS Australia receives revenue from the provision of services. A small amount of revenue will be from resources received free of charge.

Employee expenses

Employee expenses consist of salaries, leave entitlements, fringe benefits tax, redundancy expenses, superannuation and workers compensation insurance.

Suppliers

Suppliers expenses consist of property operating costs, information technology and systems development costs, professional development and administrative costs.

Cash

Cash includes notes and coins held and any deposits held with a bank or financial institution.

Assets

Infrastructure, plant and equipment comprises office fit-out and office equipment. Other assets are prepayments.

Asset valuation

Australian Government agencies are required to use the fair value basis to measure property, plant and equipment. Fair value essentially reflects the current market value of an asset.

Liabilities

Employee liabilities are provisions for recreation leave, long service leave and accrued salaries.

Suppliers are creditors (usually invoices on hand, but not yet due for payment).

Additional disclosure

To provide additional disclosure, separate agency budget information for the Core Department, CSA and CRS Australia is provided as follows:

- Core Department Table 5.12 – Table 5.20
- Child Support Agency Table 5.21 – Table 5.29.
- CRS Australia Table 5.30 – Table 5.35

BUDGETED FINANCIAL STATEMENTS TABLES – CORE DEPARTMENT

Table 5.12: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	79,158	142,083	207,952	153,387	82,608
Goods and services	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	79,158	142,083	207,952	153,387	82,608
Total income	79,158	142,083	207,952	153,387	82,608
EXPENSE					
Employees	19,638	28,406	28,859	27,383	20,174
Suppliers	58,150	114,257	163,724	110,292	46,847
Depreciation and amortisation	270	520	15,369	15,712	15,587
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	78,058	143,183	207,952	153,387	82,608
Surplus (Deficit) before income tax	1,100	(1,100)	-	-	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	1,100	(1,100)	-	-	-

Table 5.13: Budgeted departmental balance sheet as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,701	2,179	2,220	2,526	1,670
Receivables	41,880	10,308	31,390	42,620	54,445
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	43,581	12,487	33,610	45,146	56,115
Non-financial assets					
Land and buildings	280	1,390	999	721	500
Infrastructure, plant and equipment	428	442	313	361	262
Intangibles	1,667	86,687	74,243	61,485	46,218
Other	126	124	125	125	125
Total non-financial assets	2,501	88,643	75,680	62,692	47,105
Total assets	46,082	101,130	109,290	107,838	103,220
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	3,358	3,813	4,303	4,715	5,455
Other	112	112	112	112	112
Total provisions	3,470	3,925	4,415	4,827	5,567
Payables					
Suppliers	5,508	9,440	14,705	10,331	4,973
Tax Liabilities	-	-	-	-	-
Dividends	-	-	-	-	-
Other	16	16	16	16	16
Total payables	5,524	9,456	14,721	10,347	4,989
Total liabilities	8,994	13,381	19,136	15,174	10,556
Net assets	37,088	87,749	90,154	92,664	92,664
EQUITY*					
Contributed equity	34,925	86,686	89,091	91,601	91,601
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	2,163	1,063	1,063	1,063	1,063
Total equity	37,088	87,749	90,154	92,664	92,664
Current assets	43,707	12,611	33,735	45,271	56,240
Non-current assets	2,375	88,519	75,555	62,567	46,980
Current liabilities	6,746	10,036	14,352	11,381	7,917
Non-current liabilities	2,249	3,345	4,784	3,794	2,639

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

Table 5.14: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	70,217	137,851	184,770	140,451	70,782
Net GST received	5,469	19,544	15,927	11,574	5,205
GST receipts from customers	-	-	-	-	-
Cash from the OPA	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	75,686	157,395	200,697	152,025	75,987
Cash used					
Employees	18,882	26,953	27,869	26,912	19,590
Suppliers	53,025	108,777	156,860	113,018	52,048
Competitive neutrality payments	-	-	-	-	-
Cash to the OPA	-	-	-	-	-
Net GST paid	5,469	19,544	15,927	11,574	5,205
Total cash used	77,376	155,274	200,656	151,504	76,843
Net cash from or (used by) operating activities	(1,690)	2,121	41	521	(856)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,667	86,663	2,405	2,725	-
Other	-	-	-	-	-
Total cash used	1,667	86,663	2,405	2,725	-
Net cash from or (used by) investing activities	(1,667)	(86,663)	(2,405)	(2,725)	-
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,926	85,020	2,405	2,510	-
Other	-	-	-	-	-
Total cash received	4,926	85,020	2,405	2,510	-
Net cash from or (used by) financing activities	4,926	85,020	2,405	2,510	-
Net increase or (decrease) in cash held	1,569	478	41	306	(856)
Cash at the beginning of the reporting period	132	1,701	2,179	2,220	2,526
Cash at the end of the reporting period	1,701	2,179	2,220	2,526	1,670

Table 5.15: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	2,163	-	-	34,925	37,088
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	2,163	-	-	34,925	37,088
Income and expense					
Surplus (deficit) for the period	(1,100)	-	-	-	(1,100)
Total income and expenses recognised directly in equity	(1,100)	-	-	-	(1,100)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	51,761	51,761
Sub-total transactions with owners	-	-	-	51,761	51,761
Estimated closing balance as at 30 June 2008					
	1,063	-	-	86,686	87,749

Table 5.16: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	34,925	51,761	2,405	2,510	-
Previous years' outputs	-	-	-	-	-
Total capital appropriations	34,925	51,761	2,405	2,510	-
Represented by:					
Purchase of non-financial assets	34,925	51,761	2,405	2,510	-
Other	-	-	-	-	-
Total represented by	34,925	51,761	2,405	2,510	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	1,667	85,020	2,405	2,510	-
Funded internally by Departmental resources	-	1,643	-	215	-
Total	1,667	86,663	2,405	2,725	-

Table 5.17: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	547	742	1,667	2,956
Accumulated depreciation	-	267	314	-	581
Opening net book value	-	280	428	1,667	2,375
Additions:					
by purchase	-	1,500	144	85,020	86,664
Depreciation/amortisation expense	-	390	130	-	520
					-
As at 30 June 2008					
Gross book value	-	2,047	886	86,687	89,620
Accumulated depreciation	-	657	444	-	1,101
Estimated closing net book value	-	1,390	442	86,687	88,519

Table 5.18: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Dividends (from related entities)	16,400	14,830	14,830	14,830	14,830
Other sources of non-taxation revenues	-	-	-	-	-
Total non-taxation	16,400	14,830	14,830	14,830	14,830
Total revenues administered on behalf of Government	16,400	14,830	14,830	14,830	14,830
Total income administered on behalf of Government	16,400	14,830	14,830	14,830	14,830
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Personal benefits	-	-	-	-	-
Suppliers (external)	104,000	141,130	127,608	127,608	127,608
Write down and impairment of assets	-	-	-	-	-
Child support payments	-	-	-	-	-
Total expenses administered on behalf of Government	104,000	141,130	127,608	127,608	127,608

Table 5.19: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Investments accounted for under the equity method	43,612	43,612	43,612	43,612	43,612
Other financial assets	-	-	-	-	-
Total financial assets	43,612	43,612	43,612	43,612	43,612
Total assets administered on behalf of Government	43,612	43,612	43,612	43,612	43,612
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Accrued child support payments	-	-	-	-	-
Other payables	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of Government	-	-	-	-	-

Table 5.20: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines					
GST Input Credit Receipts	10,400	14,113	12,760	12,760	12,760
Cash from the OPA	104,000	141,130	127,608	127,608	127,608
Child support receipts	-	-	-	-	-
Dividends	12,300	8,300	8,300	8,300	8,300
Competitive neutrality revenue	4,100	6,530	6,530	6,530	6,530
Other	-	-	-	-	-
Total cash received	130,800	170,073	155,198	155,198	155,198
Cash used					
Child support payments					
Personal benefits					
Suppliers	104,000	141,130	127,608	127,608	127,608
Net GST paid	10,400	14,113	12,760	12,760	12,760
Cash to the OPA	16,400	14,830	14,830	14,830	14,830
Total cash used	130,800	170,073	155,198	155,198	155,198
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

BUDGETED FINANCIAL STATEMENTS TABLES – CHILD SUPPORT AGENCY

Table 5.21: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	356,929	466,971	443,107	413,417	421,245
Goods and services	1,400	1,940	-	-	-
Other	-	-	-	-	-
Total revenue	358,329	468,911	443,107	413,417	421,245
Total income	358,329	468,911	443,107	413,417	421,245
EXPENSE					
Employees	222,313	281,233	275,387	252,998	300,167
Suppliers	114,032	167,922	149,134	139,860	104,124
Depreciation and amortisation	9,405	19,650	18,475	20,443	16,868
Finance costs	101	106	111	116	86
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	345,851	468,911	443,107	413,417	421,245
Surplus (Deficit) before income tax	12,478	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	12,478	-	-	-	-

Table 5.22: Budgeted departmental balance sheet as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,000	2,000	2,000	2,000	2,000
Receivables	52,943	66,825	81,794	88,644	97,354
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	54,943	68,825	83,794	90,644	99,354
Non-financial assets					
Land and buildings	38,782	40,031	34,004	34,623	27,570
Infrastructure, plant and equipment	2,873	1,845	845	-	-
Intangibles	25,210	25,419	22,567	18,126	16,678
Other	335	334	334	334	334
Total non-financial assets	67,200	67,629	57,750	53,083	44,582
Total assets	122,143	136,454	141,544	143,727	143,936
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	9,044	7,883	6,721	5,560	4,399
Deposits	-	-	-	-	-
Total interest bearing liabilities	9,044	7,883	6,721	5,560	4,399
Provisions					
Employees	46,485	51,652	55,685	59,331	60,318
Other	2,886	2,991	3,103	2,494	2,580
Total provisions	49,371	54,643	58,788	61,825	62,898
Payables					
Suppliers	14,006	14,329	14,601	14,908	15,205
Total payables	14,006	14,329	14,601	14,908	15,205
Total liabilities	72,421	76,855	80,110	82,293	82,502
Net assets	49,722	59,599	61,434	61,434	61,434
EQUITY*					
Contributed equity	28,200	38,077	39,912	39,912	39,912
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	21,522	21,522	21,522	21,522	21,522
Total equity	49,722	59,599	61,434	61,434	61,434
Current assets	55,278	69,159	84,128	90,978	99,688
Non-current assets	66,865	67,295	57,416	52,749	44,248
Current liabilities	54,316	57,641	60,083	61,720	61,877
Non-current liabilities	18,105	19,214	20,028	20,573	20,626

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

Table 5.23: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services					
Appropriations	342,876	453,090	428,138	406,567	412,535
Net GST received	11,449	16,876	15,002	14,071	10,499
GST receipts from customers	-	-	-	-	-
Cash from the OPA	-	-	-	-	-
Other	-	1,940	-	-	-
Total cash received	354,325	471,906	443,140	420,638	423,034
Cash used					
Employees	218,853	276,066	271,355	249,352	299,180
Suppliers	114,489	168,761	150,023	140,715	104,989
Competitive neutrality payments	-	-	-	-	-
Cash to the OPA	-	-	-	-	-
Net GST paid	11,449	16,876	15,002	14,071	10,498
Total cash used	344,791	461,703	436,380	404,138	414,667
Net cash from or (used by) operating activities	9,534	10,203	6,760	16,500	8,367
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	35,103	20,080	8,595	15,776	8,367
Other	-	-	-	724	-
Total cash used	35,103	20,080	8,595	16,500	8,367
Net cash from or (used by) investing activities	(35,103)	(20,080)	(8,595)	(16,500)	(8,367)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	23,928	9,877	1,835	-	-
Other	-	-	-	-	-
Total cash received	23,928	9,877	1,835	-	-
Net cash from or (used by) financing activities	23,928	9,877	1,835	-	-
Net increase or (decrease) in cash held	(1,641)	-	-	-	-
Cash at the beginning of the reporting period	3,641	2,000	2,000	2,000	2,000
Cash at the end of the reporting period	2,000	2,000	2,000	2,000	2,000

Table 5.24: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	21,522	-	-	28,200	49,722
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	21,522	-	-	28,200	49,722
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	9,877	9,877
Sub-total transactions with owners	-	-	-	9,877	9,877
Estimated closing balance as at 30 June 2008	21,522	-	-	38,077	59,599

Table 5.25: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	20,131	9,877	1,835	-	-
Previous years' outputs	3,797	-	-	-	-
Total capital appropriations	23,928	9,877	1,835	-	-
Represented by:					
Purchase of non-financial assets	20,131	9,877	1,835	-	-
Other	3,797	-	-	-	-
Total represented by	23,928	9,877	1,835	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	23,928	9,877	1,835	-	-
Funded internally by Departmental resources	11,175	10,203	6,760	15,776	8,367
Total	35,103	20,080	8,595	15,776	8,367

Table 5.26: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	42,514	2,968	30,788	76,270
Accumulated depreciation	-	3,732	95	5,578	9,405
Opening net book value	-	38,782	2,873	25,210	66,865
Additions:					
by purchase	-	7,789	10	12,281	20,080
Depreciation/amortisation expense	-	6,540	1,038	12,072	19,650
					-
As at 30 June 2008					
Gross book value	-	50,303	2,978	43,069	96,350
Accumulated depreciation	-	10,272	1,133	17,650	29,055
Estimated closing net book value	-	40,031	1,845	25,419	67,295

Table 5.27: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	47,848	49,941	52,107	54,347	56,663
Total taxation	47,848	49,941	52,107	54,347	56,663
Non-taxation					
Other sources of non-taxation revenues	957,136	999,012	1,042,343	1,087,158	1,133,500
Total non-taxation	957,136	999,012	1,042,343	1,087,158	1,133,500
Total revenues administered on behalf of Government	1,004,983	1,048,954	1,094,450	1,141,505	1,190,163
Total income administered on behalf of Government	1,004,983	1,048,954	1,094,450	1,141,505	1,190,163
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Personal benefits	750	-	-	-	-
Suppliers (external)	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	50,565	56,198	58,635	61,156	63,762
Child support payments	943,395	984,248	1,026,936	1,071,085	1,116,740
Total expenses administered on behalf of Government	994,710	1,040,446	1,085,571	1,132,241	1,180,502

Table 5.28: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	20	20	20	20	20
Receivables	516,143	536,921	558,600	581,211	604,786
Investments accounted for under the equity method	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total financial assets	516,163	536,941	558,620	581,231	604,806
Total assets administered on behalf of Government	516,163	536,941	558,620	581,231	604,806
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Accrued child support payments	454,301	469,548	485,454	502,045	519,343
Other payables	31,204	32,259	33,349	34,473	30,907
Total payables	485,505	501,807	518,803	536,518	550,250
Total liabilities administered on behalf of Government	485,505	501,807	518,803	536,518	550,250

Table 5.29: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	3,828	3,995	4,169	4,348	4,533
GST Input Credit Receipts	-	-	-	-	-
Cash from the OPA	929,132	969,002	1,011,029	1,054,494	1,099,442
Child support receipts	927,419	967,981	1,009,967	1,053,390	1,098,293
Dividends	-	-	-	-	-
Competitive neutrality revenue	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	1,860,379	1,940,978	2,025,165	2,112,232	2,202,268
Cash used					
Child support payments	927,385	967,946	1,009,940	1,053,370	1,103,008
Personal benefits	750	-	-	-	-
Suppliers	-	-	-	-	-
Net GST paid	-	-	-	-	-
Cash to the OPA	932,242	973,032	1,015,225	1,058,862	1,099,260
Total cash used	1,860,377	1,940,978	2,025,165	2,112,232	2,202,268
Net cash from or (used by) operating activities	2	-	-	-	-
Net increase or (decrease) in cash held					
	2	-	-	-	-
Cash at beginning of reporting period	18	20	20	20	20
Cash at end of reporting period	20	20	20	20	20

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Table 5.30: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	-	-	-	-	-
Goods and services	202,558	217,738	207,193	194,738	194,710
Other	500	500	500	500	500
Total revenue	203,058	218,238	207,693	195,238	195,210
Total income	203,058	218,238	207,693	195,238	195,210
EXPENSE					
Employees	112,604	129,982	123,880	116,447	116,653
Suppliers	68,835	78,802	73,525	69,230	68,349
Depreciation and amortisation	5,783	5,783	6,900	6,900	6,900
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	55	55	58	58	58
Losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	187,277	214,622	204,363	192,635	191,960
Surplus (Deficit) before income tax	15,781	3,616	3,330	2,603	3,250
Income tax expense	1,260	1,323	1,389	1,389	1,389
Surplus (deficit) attributable to the Australian Government	14,521	2,293	1,941	1,214	1,861

Table 5.31: Budgeted departmental balance sheet as at 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	15,488	15,709	15,670	14,955	14,438
Receivables	71,015	70,515	70,015	68,015	66,015
Accrued revenues	289	1,300	1,300	1,300	1,300
Other	-	-	-	-	-
Total financial assets	86,792	87,524	86,985	84,270	81,753
Non-financial assets					
Land and buildings	8,406	7,964	6,609	6,609	6,609
Infrastructure, plant and equipment	5,020	2,733	4,194	4,194	4,194
Intangibles	1,740	3,701	3,853	3,993	4,133
Other	984	984	984	984	984
Total non-financial assets	16,150	15,382	15,640	15,780	15,920
Total assets	102,942	102,906	102,625	100,050	97,673
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Other	906	-	-	-	-
Total interest bearing liabilities	906	-	-	-	-
Provisions					
Employees	28,008	28,130	26,181	21,964	18,121
Other	1,081	1,081	1,081	1,081	1,081
Total provisions	29,089	29,211	27,262	23,045	19,202
Payables					
Suppliers	9,134	7,384	7,192	7,620	7,225
Tax Liabilities	397	407	326	326	326
Dividends	-	-	-	-	-
Other	921	1,116	1,116	1,116	1,116
Total payables	10,452	8,907	8,634	9,062	8,667
Total liabilities	40,447	38,118	35,896	32,107	27,869
Net assets	62,495	64,788	66,729	67,943	69,804
EQUITY*					
Contributed equity	43,547	43,547	43,547	43,547	43,547
Reserves	791	791	791	791	791
Retained surpluses or accumulated deficits	18,157	20,450	22,391	23,605	25,466
Total equity	62,495	64,788	66,729	67,943	69,804
Current assets	87,776	88,508	87,969	85,254	82,737
Non-current assets	15,166	14,398	14,656	14,796	14,936
Current liabilities	30,335	28,589	26,922	24,080	20,902
Non-current liabilities	10,112	9,530	8,974	8,027	6,967

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

Table 5.32: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	202,558	217,738	207,193	194,738	194,710
Appropriations	-	-	-	-	-
Net GST received	1,345	1,302	539	539	539
GST receipts from customers	6,265	6,880	6,253	6,253	6,253
Cash from the OPA	-	500	500	2,000	2,000
Other	500	500	500	500	500
Total cash received	210,668	226,920	214,985	204,030	204,002
Cash used					
Employees	109,476	129,778	125,828	114,994	115,484
Suppliers	68,376	83,074	73,937	74,608	73,893
Competitive neutrality payments	1,260	1,323	1,389	1,389	1,389
Cash to the OPA	22,000	-	-	-	-
Net GST paid	7,610	7,509	6,713	6,713	6,713
Total cash used	208,722	221,684	207,867	197,704	197,479
Net cash from or (used by) operating activities	1,946	5,236	7,118	6,326	6,523
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	8,140	5,015	7,157	7,041	7,040
Other	-	-	-	-	-
Total cash used	8,140	5,015	7,157	7,041	7,040
Net cash from or (used by) investing activities	(8,140)	(5,015)	(7,157)	(7,041)	(7,040)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(6,194)	221	(39)	(715)	(517)
Cash at the beginning of the reporting period	21,682	15,488	15,709	15,670	14,955
Cash at the end of the reporting period	15,488	15,709	15,670	14,955	14,438

Table 5.33: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	18,157	-	791	43,547	62,495
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	18,157	-	791	43,547	62,495
Income and expense					
Surplus (deficit) for the period	2,293	-	-	-	2,293
Total income and expenses recognised directly in equity	2,293	-	-	-	2,293
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2008	20,450	-	791	43,547	64,788

Table 5.34: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Previous years' outputs	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	8,140	5,015	7,157	7,041	7,040
Total	8,140	5,015	7,157	7,041	7,040

Table 5.35: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	558	17,815	12,374	4,244	34,991
Accumulated depreciation	-	9,967	7,354	2,504	19,825
Opening net book value	558	7,848	5,020	1,740	15,166
Additions:					
by purchase	-	2,117	204	2,694	5,015
Depreciation/amortisation expense	-	2,559	2,491	733	5,783
As at 30 June 2008					
Gross book value	558	19,932	12,578	6,938	40,006
Accumulated depreciation	-	12,526	9,845	3,237	25,608
Estimated closing net book value	558	7,406	2,733	3,701	14,398

CENTRELINK

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CENTRELINK

Section 1: Overview

Centrelink's Purpose is:

Serving Australia by assisting people to become self-sufficient and supporting those in need.

Centrelink provides services on behalf of more than 20 entities. Centrelink delivers information, payments and services detailed in Business Partnership Agreements or similar arrangements. Centrelink has Business Partnership Agreements in place with the following Policy Departments:

- Australian Government Department of Families, Community Services and Indigenous Affairs (FaCSIA);
- Australian Government Department of Employment and Workplace Relations (DEWR);
- Australian Government Department of Education, Science and Training (DEST);
- Australian Government Department of Agriculture, Fisheries and Forestry (DAFF); and
- Australian Government Department of Health and Ageing (DoHA).

Centrelink acts in partnership with other levels of government and the broader Australian community and distributes payments to Australian families, communities and individuals. These payments include income support and family assistance payments and payments under a range of rural assistance measures. The outcomes relate to government welfare priorities.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs, products and services), which contribute to achievement of outcomes for Centrelink are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		
Access to Government services that effectively support: self sufficiency through participation in employment, education, training and the community; families and people in need; and the integrity of Government outlays in these areas.	The outcome and output reflect Centrelink's role of delivering specified outputs on behalf of Policy Departments.	Output Group 1.1 Effective and Efficient delivery of Government services.

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome and departmental classification. Centrelink does not receive administered revenue.

The total appropriation for Centrelink in the 2007-08 Budget is \$699.62 million (including prior years' outputs) for infrastructure costs, equity injections and Centrelink coordinated Budget measures. Receipts from other sources relate to Centrelink's service delivery to Policy Department's receipts and amounts to \$2,068.37 million.

Table 2.1: Appropriations and other resources 2007-08 ('000)

Agency/Outcome/ Non-operating	Departmental		Receipts (b) \$'000	Total \$'000
	Appropriation Bill No. 1	Appropriation Bill No. 2		
	\$'000	(a) \$'000		
Outcome 1	657,519	-	2,068,367	2,725,886
Equity injections	-	39,864	-	39,864
Previous years' outputs (c)	-	2,232	-	2,232
TOTAL	657,519	42,096	2,068,367	2,767,982

Notes:

- (a) The appropriation structure, Bill No. 2 includes departmental capital via departmental injections for specific Budget measures.
- (b) Departmental receipts represents receipts from other sources (i.e. other than appropriation amounts) that are available to be used.
- (c) The previous years' output in the table above comprises of appropriation received in relation to the Centrelink - drought assistance buses.
- (d) Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007-08 BUDGET MEASURES

Budget measures relating to Centrelink as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcome and output associated with each measure.

There are also 18 measures that have 2006-07 revenue totalling \$15.08 million. These measures are:

- Anniversary of Bali and London bombings and Bali Trials - travel assistance to families;
- East Timor 2006 – medical evacuees;
- Migration Programme - 4,000 additional family stream places for 2006-07 (FaCSIA and DEST);
- Bushfire assistance - ex-gratia payments to victims of the bushfires in Tasmania, Victoria and Western Australia;
- Cyclones George and Jacob - assistance;
- A Better Future for Indigenous Australians - Indigenous employment services;
- A Better Future for Indigenous Australians - enhancing opportunities for employment and participation in remote communities;
- Securing the future of aged care for Australians - increased capital funding for residential care;
- Securing the future of aged care for Australians - simplified income-tested care fees;
- Agriculture – Advancing Australia - Farm Help;
- Drought assistance - Exceptional Circumstances assistance for primary producers;
- Drought assistance - Exceptional Circumstances assistance for small businesses;
- Drought assistance - interim income support for primary producers;
- Drought assistance - interim income support for small businesses;
- Centrelink – drought assistance buses;

- Child Care Tax Rebate – conversion to a direct payment;
- Child Care Benefit – increased rates; and
- Baby Bonus – introducing birth registration as a condition.

Table 2.2 Centrelink measures

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2007-08			2008-09			2009-10			2010-11		
			\$'000			\$'000			\$'000			\$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Department of Families, Community Services and Indigenous Affairs														
Expense Measures														
Efficiencies in service delivery agencies	1	1	-	(9,471)	(9,471)	-	(9,944)	(9,944)	-	(10,442)	(10,442)	-	(10,964)	(10,964)
Fraud and compliance - Age Pension - additional assessments of the value of real estate assets	1	1	-	650	650	-	507	507	-	(145)	(145)	-	-	-
Fraud and compliance - consistent assessment of Family Tax Benefit	1	1	-	2,254	2,254	-	4,812	4,812	-	4,591	4,591	-	1,234	1,234
Fraud and compliance - transfer of death registration information	1	1	-	803	803	-	24	24	-	22	22	-	23	23

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Fraud and compliance - Age Pension - data exchange with the United Kingdom	1	1	-	4,559	4,559	-	4,933	4,933	-	1,776	1,776	-	1,699	1,699
Social Security Agreement between Australia and Korea - establishment ¹	1	1	-	902	902	-	375	375	-	154	154	-	156	156
Migration Programme - 4,000 additional family stream places for 2006-07	1	1	-	84	84	-	97	97	-	98	98	-	99	99
A Better Future for Indigenous Australians - improved access to child care and early childhood services	1	1	-	89	89	-	65	65	-	79	79	-	128	128
Assurance of Support simplification package	1	1	-	5,191	5,191	-	2,063	2,063	-	2,037	2,037	-	2,059	2,059

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Fraud and compliance - rolling random sample survey programme - continuation and expansion	1	1	-	8,036	8,036	-	7,094	7,094	-	7,175	7,175	-	7,285	7,285
Health Care Card for ex-Carer Allowance (Child) students aged 16-25 years	1	1	-	1,328	1,328	-	464	464	-	471	471	-	478	478
Funeral bonds means test exemption - increased threshold	1	1	-	912	912	-	94	94	-	94	94	-	95	95
Assistance to Families at Risk of Overpayment - additional resourcing	1	1	-	3,438	3,438	-	137	137	-	-	-	-	-	-
Humanitarian settlement initiatives - extending Crisis Payment to newly arrived humanitarian entrants on arrival in Australia	1	1	-	658	658	-	323	323	-	304	304	-	308	308

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Pension Bonus Scheme - enhancements	1	1	-	3,645	3,645	-	716	716	-	701	701	-	708	708
Bushfire assistance - ex-gratia payments to victims of the bushfires in Tasmania, Victoria and Western Australia	1	1	-	85	85	-	-	-	-	-	-	-	-	-
Cyclones George and Jacob - assistance	1	1	-	59	59	-	-	-	-	-	-	-	-	-
Migration Programme - 8,800 place increase for 2007-08	1	1	-	316	316	-	372	372	-	582	582	-	798	798
Influenza pandemic - managing the social and community impacts	1	1	-	2,879	2,879	-	1,132	1,132	-	1,024	1,024	-	1,034	1,034

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Child Care Tax Rebate - conversion to a direct payment	1	1	-	3,378	3,378	-	866	866	-	876	876	-	886	886
Child Care Benefit - increased rates	1	1	-	1,915	1,915	-	609	609	-	317	317	-	19	19
Baby Bonus - introducing birth registration as a condition	1	1	-	173	173	-	130	130	-	96	96	-	97	97
Multiple Birth Allowance - extension of eligibility	1	1	-	942	942	-	124	124	-	125	125	-	127	127
Department of Employment and Workplace Relations														
Expense Measures														
Efficiencies in service delivery agencies	1	1	-	(13,330)	(13,330)	-	(13,997)	(13,997)	-	(14,697)	(14,697)	-	(15,432)	(15,432)
Centrelink Financial Information Service - improved advice on compensation payments	1	1	-	546	546	-	876	876	-	591	591	-	597	597

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Job Capacity Assessment - reinforcing the role	1	1	-	572	572	-	194	194	-	280	280	-	367	367
Parenting Payment - expanded access to supplementary concessions	1	1	-	1,492	1,492	-	247	247	-	243	243	-	246	246
A Better Future for Indigenous Australians - Indigenous employment services	1	1	-	2,293	2,293	-	1,987	1,987	-	2,008	2,008	-	2,031	2,031
Personal Support Programme - additional places	1	1	-	201	201	-	183	183	-	-	-	-	-	-
A Better Future for Indigenous Australians - enhancing opportunities for employment and participation in remote communities	1	1	-	2,417	2,417	-	2,171	2,171	-	2,171	2,171	-	2,424	2,424

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
A Better Future for Indigenous Australians - compliance and eligibility checks for Community Development Employment Projects (CDEP) programme participants	1	1	-	1,582	1,582	-	(548)	(548)	-	(554)	(554)	-	(560)	(560)
Youth Allowance - participation requirements for payment eligibility	1	1	-	498	498	-	94	94	-	89	89	-	90	90
Fraud and compliance - improved reporting of changes in income of people receiving Centrelink payments	1	1	-	1,254	1,254	-	756	756	-	672	672	-	679	679

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2007-08			2008-09			2009-10			2010-11		
			\$'000			\$'000			\$'000			\$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Fraud and compliance - verification of earnings to improve the accuracy of payments	1	1	-	2,250	2,250	-	(1,886)	(1,886)	-	(3,918)	(3,918)	-	(5,821)	(5,821)
Migration Programme - 4,000 additional family stream places for 2006-07	1	1	-	-	-	-	-	-	-	526	526	-	454	454
Mobility Allowance - expanding eligibility criteria	1	1	-	883	883	-	181	181	-	182	182	-	184	184
Migration Programme - 8,800 place increase for 2007-08	1	1	-	-	-	-	-	-	-	576	576	-	1,654	1,654

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Department of Education, Science and Training														
Expense Measures														
Efficiencies in service delivery agencies	1	1	-	(2,209)	(2,209)	-	(2,319)	(2,319)	-	(2,435)	(2,435)	-	(2,557)	(2,557)
Fraud and compliance - consolidation and expansion of risk profile reviews for student payments	1	1	-	1,095	1,095	-	1,065	1,065	-	1,075	1,075	-	1,145	1,145
Migration Programme - 4,000 additional family stream places for 2006-07	1	1	-	26	26	-	34	34	-	24	24	-	5	5
A Better Future for Indigenous Australians - expanding employment pathways for Indigenous young people	1	1	-	1,257	1,257	-	271	271	-	264	264	-	268	268
Migration Programme - 8,800 place increase for 2007-08	1	1	-	11	11	-	42	42	-	76	76	-	84	84

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Realising Our Potential - extending Rent Assistance to Austudy recipients	1	1	-	1,682	1,682	-	332	332	-	321	321	-	325	325
Realising Our Potential - extending income support to Masters students	1	1	-	1,353	1,353	-	508	508	-	552	552	-	603	603
Department of Health and Ageing														
Expense Measures														
Securing the future of aged care for Australians - increased capital funding for residential care	1	1	-	194	194	-	-	-	-	-	-	-	-	-

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Securing the future of aged care for Australians - simplified income-tested care fees	1	1	-	1,218	1,218	-	164	164	-	118	118	-	119	119
Department of Agriculture, Fisheries and Forestry														
Expense Measures														
Agriculture - Advancing Australia - Farm Help	1	1	-	(256)	(256)	-	3,558	3,558	-	3,518	3,518	-	3,375	3,375
Drought assistance - Exceptional Circumstances assistance for primary producers	1	1	-	1,246	1,246	-	433	433	-	-	-	-	-	-
Drought assistance - Exceptional Circumstances assistance for small businesses ²	1	1	-	1,153	1,153	-	24	24	-	-	-	-	-	-

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2007-08			2008-09			2009-10			2010-11		
			\$'000			\$'000			\$'000			\$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Direct Appropriation														
Expense Measures														
Efficiencies in service delivery agencies	1	1	-	1,500	1,500	-	(13,300)	(13,300)	-	(13,500)	(13,500)	-	(13,600)	(13,600)
Fraud and compliance - residency eligibility validation system for payments and concessions	1	1	-	20,617	20,617	-	20,601	20,601	-	8,108	8,108	-	5,684	5,684
Centrelink - drought assistance buses	1	1	-	4,534	4,534	-	4,282	4,282	-	-	-	-	-	-
Murray-Darling Basin - additional servicing support for farmers	1	1	-	5,405	5,405	-	4,618	4,618	-	-	-	-	-	-
Total Expense Measures³			-	72,309	72,309	-	25,564	25,564	-	(3,775)	(3,775)	-	(11,367)	(11,367)

Table 2.2 Centrelink measures (continued)

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Capital Injection Funding														
Capital Measures														
Fraud and compliance - residency eligibility validation system for payments and concessions	1	1	-	180	180	-	100	100	-	-	-	-	-	-
Influenza pandemic - managing the social and community impacts	1	1	-	2,520	2,520	-	-	-	-	-	-	-	-	-
Total Capital Measures			-	2,700	2,700	-	100	100	-	-	-	-	-	-
Total of All Measures			-	75,009	75,009	-	25,664	25,664	-	(3,775)	(3,775)	-	(11,367)	(11,367)

1. This funding is not included in Budget Paper 2 as it was included in the MYEFO by FaCSIA although has not previously been reported by Centrelink.
2. \$1.02M of this amount is not included in Budget Paper 2 as it was included in the MYEFO by DAFF although has not previously been reported by Centrelink.
3. These figures are presented on the basis of resources the agency will have available to implement the measure (eg appropriations). This differs from the GFS accrual basis ("fiscal balance") in Budget Paper. 2.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Centrelink for provision of services. These resources are approved for use by Centrelink and are included in Table 2.1.

Table 2.3: Other resources available to be used¹

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental resources		
Revenue from Ordinary activities excluding Appropriation Bill (No. 1)	1,980,072	1,995,495
Total departmental other resources available to be used	1,980,072	1,995,495

Notes:

1. This table replaces the former table 'Receipts from Other sources'. It represents own source receipts available for spending on departmental purposes.
2. Revenue from Ordinary activities differs from departmental receipts because:
 - Revenue is prepared on an accrual basis and receipts, on a cash basis; and
 - Receipts include GST input credit receipts and GST receipts from customers.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Centrelink is a Service Delivery Agency and does not receive administered funds.

2.5 SPECIAL APPROPRIATIONS

Centrelink makes payments to the Australian public by drawing on Special Appropriations administered by various Policy Departments. Centrelink holds drawing rights issued by these Policy Departments authorising these drawings.

The legislation establishing the above special appropriation expenditure by Centrelink is administered by the following agencies:

Australian Government Department of Families and Community Services and Indigenous Affairs

- *Social Security (Administration) Act 1999*
- *A New Tax System (Family Assistance) (Administration) Act 1999*

Australian Government Department of Employment and Workplace Relations

- *Social Security (Administration) Act 1999*

Australian Government Department of Education, Science and Training

- *Social Security Act 1991*
- *The Student Assistance Act 1973*

Australian Government Department of Agriculture, Fisheries and Forestry

- *Farm Household Support Act 1992*

Details of legislation and policy contexts are included in Table 2.5 of respective department's 2007-08 Portfolio Budget Statements.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by Centrelink.

Table 2.6: Estimates of Special Account cash flows and balances

		Opening balance 2007-08 2006-07	Receipts 2007-08 2006-07	Payments 2007-08 2006-07	Closing balance 2007-08 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000
Other Trust Monies - Centrelink - s20 FMA Act 1997 (A)		256 331	1,000 1,100	(1,061) (1,175)	195 256
Centrelink Special Account - s20 FMA Act 1997 (D)	1	213,965 217,473	2,767,982 2,711,054	(2,744,250) (2,714,562)	237,697 213,965
Total special accounts					
2007-08 Budget estimate		214,221	2,768,982	(2,745,311)	237,892
Total special accounts 2006-07 estimate actual		217,804	2,712,154	(2,715,737)	214,221

(A) = Administered

(D) = Departmental

Act Glossary:

FMA Act - Financial Management and Accountability Act 1997

Section 3: Outcomes

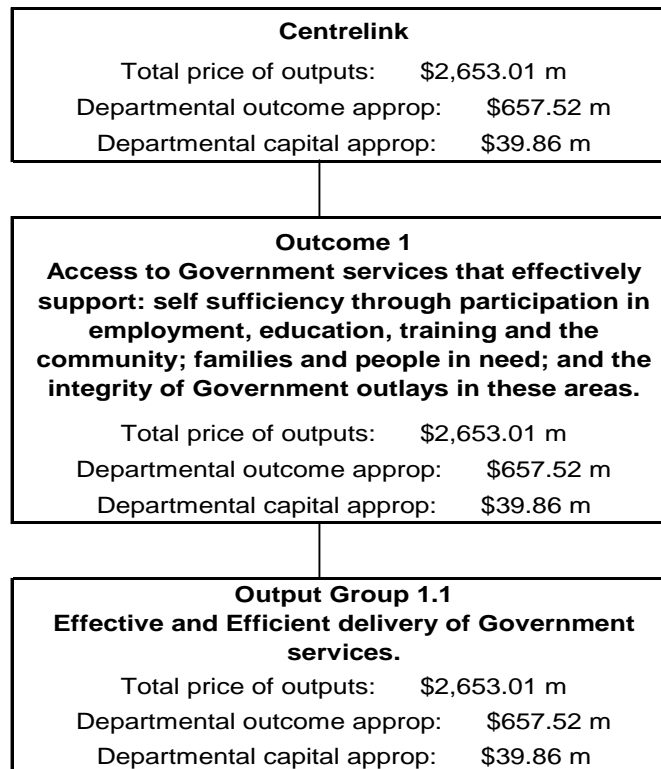
General Government Sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for Centrelink. Emphasis is placed on estimating the contribution to outcome through outputs delivered by Centrelink. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output is maintained by Centrelink for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of Centrelink and the outcomes is summarised in Figure 3.

Figure 3: Contributions to outcomes



3.2 Outcome resources and performance information

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including revenue from government (appropriation), revenue from other sources and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriations		
Output Group 1.1 - Effective and Efficient delivery of Government services	563,973	657,519
Subtotal Output Group 1.1	563,973	657,519
Total revenue from government (appropriations) Contributing to price of departmental outputs	563,973	657,519
Revenue from other sources		
Family and Community Services and Indigenous Affairs	795,002	809,981
Employment and Workplace Relations	916,251	945,973
Education, Science and Training	132,153	134,072
Health and Ageing	12,121	13,139
Agriculture, Fisheries and Forestry	27,312	7,534
Industry, Tourism and Resources	4,785	3,478
Other	92,448	81,318
Total revenue from other sources	1,980,072	1,995,495
Total price from departmental outputs (Total revenue from government and from other sources)	2,544,045	2,653,014
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	2,544,045	2,653,014
	2006-07	2007-08
Average staffing level (number)	24,860	25,230

Notes:

1. The appropriation in 2006-2007 includes outputs delivered by Centrelink in 2006-2007 but not funded in that year. A corresponding appropriation receivable is recognised for 2006-2007 in Centrelink's estimated Budgeted Financial Statements at Table 5.1.

The following is a summary of Centrelink's future revenue by Policy Departments.

Table 3.1.1: Supplementary Table - Centrelink Summary of Future Revenue

	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
FaCSIA	809,981	712,166	716,831	718,712
DEWR	945,973	926,028	957,061	968,988
DEST	134,072	126,753	128,121	128,725
DoHA	13,139	12,054	12,207	12,331
DAFF	7,534	4,172	3,518	3,375
DITR	3,478	5,032	4,144	3,236
Subtotal Service Delivery	1,914,177	1,786,205	1,821,882	1,835,367
Departmental Appropriations ¹	657,519	664,007	635,016	677,892
Revenue from other sources ²	81,318	29,760	23,752	24,437
Total	2,653,014	2,479,972	2,480,650	2,537,696

Notes:

1. Departmental Appropriations include amounts directly appropriated to Centrelink for Infrastructure funding, Compensation for Detriment caused by Defective Administration (CDDA) and some specific Budget measures.
2. Revenue from other sources includes anticipated revenue from new business outside existing business partnership agreements or service level agreements with Policy Departments.

3.2.4 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to Centrelink are summarised in Table 3.2. Centrelink does not have any administered items.

Table 3.2: Performance information for Outcome 1

Performance indicators for administered items including third party outputs	
N/A	N/A
Performance indicators for individual outputs	
N/A	N/A
Output group 1: Effective and Efficient Delivery of Government services.	
Output group 1.1 Effective and Efficient delivery of Government services.	
Strategic Theme	Top Level Key Performance Indicator
Building confidence in Centrelink	The extent to which Policy Departments' Key Performance Indicators are achieved
Strengthening our customer focus in line with Government direction	The extent to which service delivery contributes to Government outcomes and improves customer service
Developing a networked organisation	Partnerships with other agencies to deliver services
Building capability for Government	Level of workforce and systems capability
Demonstrating value for money	Cost of services delivered

3.2.5 Evaluations for Outcome 1

Centrelink has a comprehensive organisational performance framework which links evaluation throughout the organisation. Centrelink undertakes a range of evaluations including performance evaluations of outcomes and outputs, audit and risk reviews and business integrity compliance reviews.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other GGS bodies, for example in payment for services rendered or as part of cross agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole of government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between GGS agencies that are not consolidated or reported at the whole of government level.

4.1.1 Cross agency overview

Centrelink operates under purchaser-provider arrangements with services delivered on behalf of Policy Departments. These services make up Centrelink's Output Group and are referred to in the Portfolio Budget Statements of these Policy Departments.

Responsibility

The services Centrelink delivers on behalf of Policy Departments are the responsibility of the CEO. Centrelink is a statutory agency within the Human Services portfolio.

As part of the Department of Human Services Centrelink reports on its outcomes and provides a full set of financial statements in Section 5 of these Portfolio Budget Statements.

Control arrangements

Centrelink was established to provide Australian Government services in accordance with service arrangements under the *Commonwealth Services Delivery Agency Act 1997* (CSDA Act).

The CSDA Act was amended by the *Human Services Legislation Amendment Act 2005* which commenced on 1 October 2005.

Legislation applying to agencies within the Australian Government Budget sector, such as the *Financial Management and Accountability Act 1996* and the *Privacy Act 1998*, also apply to Centrelink.

The *Financial Management and Accountability Act 1997* sets out the CEO's functions and responsibilities relating to Centrelink's financial management.

Centrelink - Budget Statement - Other reporting requirements

Centrelink's governance framework changed on 1 October 2005 with the commencement of the *Human Services Legislation Amendment Act 2005* and the abolition of the Centrelink Board of Management.

Until that date the Board was accountable to the Minister, through the Chair, for deciding Centrelink's goals, priorities, policies and strategies, and ensuring that Centrelink's functions were properly, efficiently and effectively performed. The Chief Executive Officer was accountable to the Chair for managing all strategic and functional aspects of Centrelink's operations.

Since 1 October 2005 the Chief Executive Officer has been accountable to the Minister, through the Departmental Secretary, for Centrelink's strategic, operational and financial management, and for ensuring Centrelink achieves its purpose: 'Serving Australia by assisting people to become self sufficient and supporting those in need'.

Centrelink's revenue is provided through Business Partnership Agreements or similar arrangements with Policy Departments. Funds are appropriated to the Policy Departments and paid to Centrelink in return for specified services.

Centrelink has one government outcome: Access to Government services that effectively support: self sufficiency through participation in employment, education, training and the community; families and people in need; and the integrity of Government outlays in these areas .

The outcome and output reflect Centrelink's role in delivering specified outputs on behalf of Policy Departments. The Government's priorities and Centrelink's Strategic Directions provide the framework for achieving our output and outcome.

The Balanced Scorecard gives the Centrelink CEO, Centrelink Executive and DHS an overview of Centrelink's business. It provides a regular health check for our business, helps forecast scenarios and take pre-emptive action to minimise any adverse impacts to the organisation that may affect its ability to consistently deliver high quality service. It is used as a performance-reporting tool and assists in making Centrelink staff accountable for their performance.

Resourcing

Refer to Section 2 for a summary of Centrelink revenue.

Performance against outcomes of purchased outputs

Centrelink's performance is measured by 'Key Performance Indicators' as outlined in Section 3.2 Outcome resources and performance information.

4.2 COST RECOVERY ARRANGEMENTS

Centrelink does not undertake any activities subject to the Australian Government Cost Recovery Guidelines.

Summary of cost recovery impact statement

Centrelink's Cost Recovery Impact Statement (CRIS) was completed in January 2006 and has not changed since it was reported in the 2006-07 PBS.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Please refer to the Portfolio Overview, Table 1: Australian Government Indigenous Expenditure for a summary of expenditure.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Income Statement (see table 5.1)

Centrelink is budgeting for break even operating results for 2007-08 and for the forward years.

The 2007-08 revenue is estimated to increase by \$109.0m from the 2006-07 estimated revenue of \$2,544.0m. This increase is primarily as a result of the increase in appropriation funding for infrastructure (\$93.5m) and certain Budget Measures.

The 2007-08 expense is also estimated to increase correspondingly by \$109.0m from 2006-07.

Balance Sheet (see table 5.2)

Centrelink's budgeted net asset position of \$322.5m represents an increase of \$39.9m from the 2006-07 estimates. The increase is mainly due to capital injections received in 2007-08 to fund capital works relating to certain Budget measures.

The 2007-08 total assets are expected to increase by \$76.7m to \$901.2m, mainly reflecting an anticipated decrease in prepayments by \$21.2m and offset by anticipated increases in trade and other receivables by \$23.5m and net increase in fixed assets of \$76.3m mainly due to asset replacement program and capital for associated Budget initiatives.

Centrelink's primary liability continues to be accrued employee leave entitlements and the liability is estimated to increase by approximately \$22.6m in 2007-08.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	563,973	657,519	664,007	635,016	677,892
Goods and services	1,974,027	1,992,149	1,812,484	1,842,011	1,856,036
Total revenue	2,538,000	2,649,668	2,476,491	2,477,027	2,533,928
Gains					
Other	6,045	3,346	3,481	3,623	3,768
Total gains	6,045	3,346	3,481	3,623	3,768
Total income	2,544,045	2,653,014	2,479,972	2,480,650	2,537,696
EXPENSE					
Employees	1,632,210	1,682,662	1,486,345	1,472,233	1,497,671
Suppliers	787,817	819,900	843,397	867,775	892,881
Depreciation and amortisation	115,518	149,452	149,230	139,642	146,144
Write-down of assets and impairment of assets	8,500	1,000	1,000	1,000	1,000
Total expenses	2,544,045	2,653,014	2,479,972	2,480,650	2,537,696
Surplus/(Deficit)	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	24,312	22,509	24,656	23,803	24,607
Trade and other Receivables	211,635	235,042	306,837	362,207	431,297
Total financial assets	235,947	257,551	331,493	386,010	455,904
Non-financial assets					
Land and buildings	129,170	187,362	183,389	177,079	170,664
Infrastructure, plant and equipment	126,260	157,493	128,981	115,810	87,999
Intangibles	266,957	253,862	251,862	256,029	261,803
Other	66,093	44,891	44,646	44,646	44,646
Total non-financial assets	588,480	643,608	608,878	593,564	565,112
Total assets	824,427	901,159	940,371	979,574	1,021,016
LIABILITIES					
Provisions					
Employees	439,145	475,556	515,021	552,134	591,485
Other	8,884	6,333	4,427	2,965	1,674
Total provisions	448,029	481,889	519,448	555,099	593,159
Payables					
Suppliers	41,871	43,020	44,171	46,319	48,301
Other	51,900	53,759	54,161	55,565	56,965
Total payables	93,771	96,779	98,332	101,884	105,266
Total liabilities	541,800	578,668	617,780	656,983	698,425
Net assets	282,627	322,491	322,591	322,591	322,591
EQUITY					
Contributed equity	265,011	304,875	304,975	304,975	304,975
Reserves	25,704	25,704	25,704	25,704	25,704
Accumulated deficits	(8,088)	(8,088)	(8,088)	(8,088)	(8,088)
Total equity	282,627	322,491	322,591	322,591	322,591
Current assets	284,040	284,442	358,139	412,656	482,550
Non-current assets	540,387	616,717	582,232	566,918	538,466
Current liabilities	461,059	496,531	533,907	571,129	610,136
Non-current liabilities	80,741	82,137	83,873	85,854	88,289

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,081,503	2,068,367	1,889,754	1,924,749	1,941,070
Appropriations	561,741	659,751	664,007	635,016	677,892
Total cash received	2,643,244	2,728,118	2,553,761	2,559,765	2,618,962
Cash used					
Employees	1,668,129	1,678,872	1,479,380	1,467,670	1,490,920
Suppliers	744,369	762,219	804,048	829,213	853,931
Cash to the Official Public Account	19,653	25,535	71,689	55,254	68,973
Other	74,821	76,377	80,852	83,151	85,642
Total cash used	2,506,972	2,543,003	2,435,969	2,435,288	2,499,466
Net cash from operating activities	136,272	185,115	117,792	124,477	119,496
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	168,687	174,881	57,391	61,589	50,351
Other	58,556	51,901	58,354	63,741	68,341
Total cash used	227,243	226,782	115,745	125,330	118,692
Net cash used by investing activities	(227,243)	(226,782)	(115,745)	(125,330)	(118,692)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	67,810	39,864	100	-	-
Total cash received	67,810	39,864	100	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from financing activities	67,810	39,864	100	-	-
Net increase or (decrease) in cash held					
	(23,161)	(1,803)	2,147	(853)	804
Cash at the beginning of the reporting period	47,473	24,312	22,509	24,656	23,803
Cash at the end of the reporting period	24,312	22,509	24,656	23,803	24,607

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007				
Balance carried forward from previous period	(8,088)	25,704	265,011	282,627
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	(8,088)	25,704	265,011	282,627
Income and expense				
Surplus (deficit) for the period	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-
Transactions with owners				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	39,864	39,864
Sub-total transactions with owners	-	-	39,864	39,864
Estimated closing balance as at 30 June 2008	(8,088)	25,704	304,875	322,491

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	45,739	39,864	100	-	-
Appropriation of Previous Year Accrued Revenue	-	2,232	-	-	-
Total capital appropriations					
Represented by:					
Purchase of non-financial assets	45,739	39,864	100	-	-
Other items	-	2,232	-	-	-
Total represented by	45,739	42,096	100	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	45,739	39,864	100	-	-
Funded internally by					
Departmental resources	173,352	186,918	115,645	125,330	118,692
Total	219,091	226,782	115,745	125,330	118,692

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	2,840	185,919	217,862	453,879	860,500
Accumulated depreciation	-	(59,589)	(91,602)	(186,922)	(338,113)
Opening net book value	2,840	126,330	126,260	266,957	522,387
Additions:					
by purchase	-	89,215	85,666	12,041	186,922
internally developed	-	-	-	39,860	39,860
Depreciation/amortisation expense	-	(30,823)	(54,133)	(64,496)	(149,452)
Impairments recognised in operating result	-	(200)	(300)	(500)	(1,000)
As at 30 June 2008					
Gross book value	2,840	274,934	303,228	505,280	1,086,282
Accumulated depreciation	-	(90,412)	(145,735)	(251,418)	(487,565)
Estimated closing net book value	2,840	184,522	157,493	253,862	598,717

MEDICARE AUSTRALIA

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MEDICARE AUSTRALIA

Section 1: Overview

Medicare Australia administers a range of health-related and other programs on behalf of the Australian Government. The key programs are:

- Medicare
- Pharmaceutical Benefits Scheme (and Repatriation Pharmaceutical Benefits Scheme) including various payments under the Community Pharmacy Agreement
- Family Assistance (with Centrelink and the Australian Taxation Office)
- Australian Organ Donor Register
- Australian Childhood Immunisation Register
- National Bowel Cancer Screening Register

Medicare Australia also administers a range of programs for health professionals, including the General Practice Immunisation Incentives Scheme, the Practice Incentives Program, the Rural Retention Program, the General Practice Registrars' Rural Incentive Payment Scheme, the Medical Indemnity Scheme and the Broadband for Health Payment Scheme for general practitioners and pharmacists.

Medicare Australia administers community rebate and reimbursement schemes, such as the Higher Education Contribution Scheme Reimbursement Scheme, the Private Health Insurance Rebate and Special Assistance Programs for victims of the Bali and London bombings and the Tsunami.

We also process claims for payment for Aged Care on behalf of the Department of Health and Ageing and accept applications for grants available under the LPG Vehicle Scheme on behalf of the Department of Industry, Tourism and Resources.

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.

In conjunction with the Departments of Human Services; Veterans' Affairs; Families, Community Services and Indigenous Affairs; and Centrelink, Medicare Australia will be involved in the delivery of the Health and Social Services Access Card initiative.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to the achievement of outcomes for Medicare Australia are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		Output Group 1.1
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 government programs. Medicare Australia uses the national Medicare Office network, its State offices and, increasingly, electronic services to facilitate access to its payment and information services.	Delivery of Australian Government payments and information services.

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation (excluding equity injections) for Medicare Australia in the 2007-08 Budget is \$586 million.

Table 2.1: Appropriations and other resources 2007-08 ('000)

Department of Human Services Portfolio											
Agency Resourcing—2007-2008											
Agency/Outcome/ Non-operating	Departmental				Administered						Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Bill No. 2 Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000		
Outcome 1 Improving Australia's health through payments and information	585,983	-	-	81,702	-	-	-	-	-	-	667,685
Equity injections	-	11,830	-	-	-	-	-	-	-	-	11,830
Loans	-	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	10,784	-	-	-	-	-	-	-	-	10,784
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-	-
TOTAL	585,983	22,614	-	81,702	-	-	-	-	-	-	690,299

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

1. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

2. Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007-08 BUDGET MEASURES

Budget measures relating to Medicare Australia as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2 Medicare Australia measures

Measure Title	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Budget Measures - Department of Human Services													
Outcome 1													
Efficiencies in service delivery agencies	1.1	-	-	-	-	(6,700)	(6,700)	-	(6,800)	(6,800)	-	(6,800)	(6,800)
Budget Measures - Department of Health and Ageing													
Outcome 1													
Dental treatment - enhanced Medicare items for patients with chronic and complex conditions	1.1	-	654	654	-	392	392	-	426	426	-	515	515
Capital		-	53	53	-	-	-	-	-	-	-	-	-
COAG - reducing the risk of type 2 diabetes	1.1	-	62	62	-	95	95	-	218	218	-	284	284
Magnetic Resonance Imaging - improved access	1.1	-	6	6	-	9	9	-	12	12	-	13	13
A Better Future for Indigenous Australians - Health @ Home Plus	1.1	-	140	140	-	-	-	-	1	1	-	2	2
Hearing Services Programme - improving hearing outcomes	1.1	-	92	92	-	18	18	-	20	20	-	21	21
Community Pharmacy Agreement - implementation of programmes	1.1	-	1,607	1,607	-	334	334	-	357	357	-	357	357
Capital		-	1,473	1,473	-	-	-	-	-	-	-	-	-
Rural Retention Programme - continued and increased funding	1.1	-	584	584	-	412	412	-	416	416	-	420	420
Capital		-	385	385	-	-	-	-	-	-	-	-	-

Table 2.2 (cont) Medicare Australia measures

Measure Title	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
		\$'000			\$'000			\$'000			\$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Pharmaceutical Benefits Scheme - prescribing rights for optometrists	1.1	-	668	668	-	228	228	-	260	260		287	287
Capital		-	375	375	-	-	-	-	-	-		-	-
Budget Measures - Department of Veterans Affairs													
Outcome 1													
Medications management	1.1	-	961	961	-	729	729	-	909	909	-	1,069	1,069
Capital		-	713	713	-	-	-	-	-	-	-	-	-
War Widows Pension - longer backdating period	1.1	-	(12)	(12)	-	(12)	(12)	-	(13)	(13)	-	(13)	(13)
Budget Measures - Department of Immigration and Citizenship													
Migration Programme													
- 4,000 additional family stream places for 2006-07	1.1	-	54	54	-	56	56	-	57	57	-	59	59
- 8,800 place increase for 2007-08	1.1	-	121	121	-	247	247	-	383	383	-	518	518
Non-Budget Measures - Department of Health and Ageing													
Medicare Benefits Schedule	1	-	78	78	-	268	268	-	347	347	-	353	353
- new and revised listings													
- better access to after hours GP services													
Pharmaceutical Benefits Scheme - listing of Strattera (atomoxetine)	1.1	-	57	57	-	106	106	-	145	145	-	149	149
Pharmaceutical Benefits Scheme - extension to the listings of Ezetrol (ezetimibe) and Vytorin (ezetimibe and simvastatin)	1.1	-	114	114	-	156	156	-	187	187	-	211	211

Table 2.2 (cont) Medicare Australia measures

Measure Title	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09			Appropriations forward estimate 2009-10			Appropriations forward estimate 2010-11		
		2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Pharmaceutical Benefits Scheme - minor new listings	1.1	-	215	215	-	235	235	-	251	251	-	256	256
National Immunisation Programme													
- implementation of the National Human Papillomavirus Vaccination Programme	1.1	-	1,178	1,178	-	598	598	-	-	-	-	-	-
- rotavirus vaccine	1.1	-	1,029	1,029	-	986	986	-	997	997		1,008	1,008
Lapsing Measures													
Department of Human Services													
Medicare Easyclaim access points - continuation of funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Lapsing Measures													
Department of Health and Ageing													
Rural Retention Programme - continued and increased funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Multidisciplinary case conferencing - continuation of funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary annual health assessments for older Australians - continuation of funding	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Breast Cancer Treatment - continuation of funding for the Herceptin programme	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Total Departmental	1.1	-	7,608	7,608	-	(1,843)	(1,843)	-	(1,827)	(1,827)	-	(1,291)	(1,291)
Total Capital	1.1	-	2,999	2,999	-	-	-	-	-	-	-	-	-

Notes:

1. These figures are presented on the basis of resources the agency will have available to implement the measure (eg appropriations). This differs from the GFS accrual basis ("fiscal balance") in Budget Paper 2.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Medicare Australia for provision of goods or services. These resources are approved for use by Medicare Australia and are included in Table 2.1.

Table 2.3 is prepared on an accrual basis, while in Table 2.1 Departmental Receipts has been prepared on a cash basis.

Table 2.3: Other resources available to be used¹

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental resources		
Department of Veterans' Affairs	18,049	17,609
Department of Health and Ageing	24,476	17,632
Department of Families, Community Services and Indigenous Affairs	8,605	8,000
Centrelink	10,200	14,000
Health Department of Western Australia	1,200	1,183
Other	5,828	7,533
Gains	494	350
Total departmental other resources available to be used	68,852	66,307
Administered other resources		
	-	-
Total administered other resources available to be used	-	-

1. This table replaces the former table 'Receipts from Other sources'. It represents own source receipts available for spending on departmental purposes.

2. Revenue from Ordinary Activities differs from departmental receipts because:

- Revenue is prepared on an accrual basis, and receipts, on a cash basis; and
- Receipts include GST input credit receipts and GST receipts from customers.

2.4 MOVEMENT OF ADMINISTERED FUNDS

Medicare Australia is a Service Delivery Agency and does not receive administered funds.

2.5 SPECIAL APPROPRIATIONS

Medicare Australia does not receive special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by Medicare Australia.

Table 2.6: Estimates of Special Account cash flows and balances

		Opening balance 2007-08 2006-07	Receipts 2007-08 2006-07	Payments 2007-08 2006-07	Adjustments 2007-08 2006-07	Closing balance 2007-08 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Recovery of Compensation for Health Care and other Services Special Account (A)	1	26,571	164,209	164,693		26,086
		31,545	186,540	191,514		26,571
Other Trust Moneys Account (D)	1	177	-	-		177
		177				177
Total special accounts						
2007-08 Budget estimate		26,748	164,209	164,693		26,263
Total special accounts						
2006-07 estimate actual		31,722	186,540	191,514		26,748

(A) = Administered

(D) = Departmental

Section 3: Outcomes

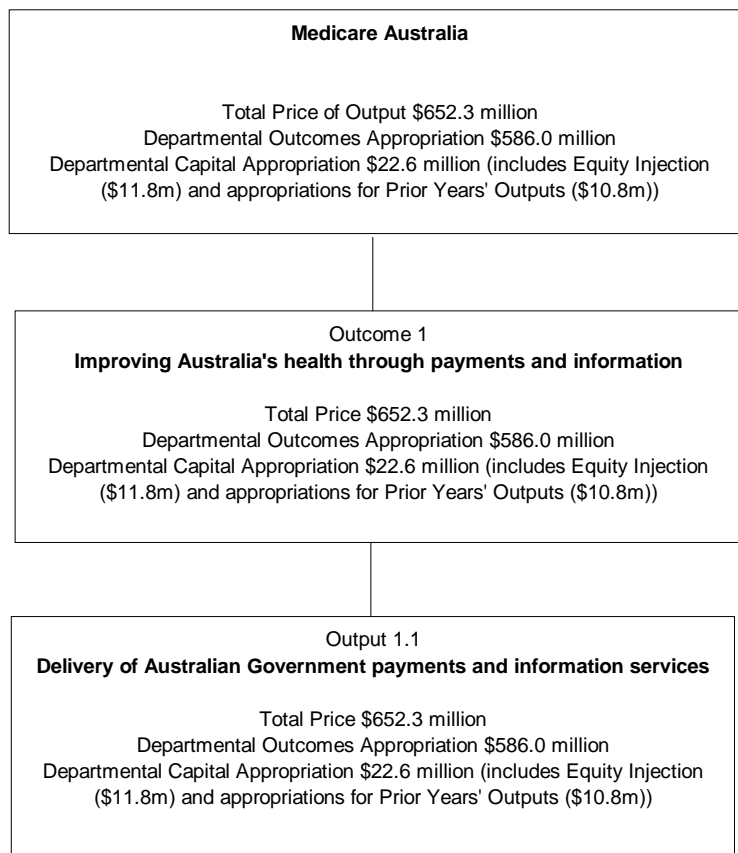
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for Medicare Australia. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of Medicare Australia and the outcomes is summarised in Figure 2.

Figure 2: Contributions to outcomes



3.2.4 Performance information for Outcome 1

Medicare Australia's business performance is guided by its strategic themes as summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Output group 1: Delivery of Australian Government payments and information services	
Strategic Theme	Top Level Key Performance Indicator
Delivering great customer service	Client and provider satisfaction with the services provided by Medicare Australia.
Providing accurate and reliable information and payments	Payments are accurate and timely.
Being a well run organisation	Resources are managed in accordance with the requirements of the FMA Act and to the financial plan.
Ensuring the integrity of the Government programs we deliver	Education and compliance programs minimise system leakage.
Being a valued strategic partner in delivering agreed health and other Government initiatives	Strategic partners including the Departments of Health and Ageing; Veterans' Affairs; Families, Community Services and Indigenous Affairs are satisfied with Medicare Australia's performance.
Being a great place to work	Our people are satisfied with the direction and support provided. Their feedback is acted upon.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Medicare Australia has purchaser provider arrangements with agencies external to the portfolio: the Department of Veterans' Affairs (DVA), Department of Families, Community Services and Indigenous Affairs (FaCSIA), Department of Health and Ageing (DoHA) and the Health Department of Western Australia.

4.1.1 Cross agency overview

Outcome 1 – Improving Australia's health through payments and information– Department of Veterans' Affairs

Medicare Australia provides services to DVA through a services agreement known as the Service Level Agreement. The services provided are the processing of claims for veterans' treatments, including medical, hospital and allied health services.

Responsibility

Policy responsibility for DVA lies within the Defence Portfolio and for Medicare Australia within the Human Services Portfolio.

Control arrangements

Medicare Australia is subject to the *Medicare Australia Act 1973* and the *Financial Management and Accountability Act 1997*.

Resourcing

Medicare Australia and DVA have agreed a pricing model in the Service Level Agreement. The estimated revenue to Medicare Australia for 2007-08 is \$17.609m.

Performance against outcomes of purchased outputs

The performance of Medicare Australia in delivering these services is specified by performance measures outlined in the Service Level Agreement. DVA is responsible for setting policy direction and service standards, and Medicare Australia is responsible for the delivery of services to agreed performance standards.

Outcome 1 – Improving Australia’s health through payments and information – Family Assistance

The Australian Government provides Family Assistance services through partnership arrangements between Medicare Australia, the Australian Taxation Office, Centrelink and the Department of Families, Community Services and Indigenous Affairs (FaCSIA).

Medicare Australia provides Family Assistance services on behalf of FaCSIA through a Service Agreement with FaCSIA.

Responsibility

Policy responsibility for Family Assistance lies within the Families, Community Services and Indigenous Affairs Portfolio and for Medicare Australia within the Human Services Portfolio.

Control arrangements

Medicare Australia is subject to the *Medicare Australia Act 1973* and the *Financial Management and Accountability Act 1997*.

Resourcing

The Service Agreement with FaCSIA provides revenue to Medicare Australia for 2007-2008 of \$8.0m. Medicare Australia also receives additional revenue from Centrelink for extended services.

Performance against outcomes of purchased outputs

The main output required of Medicare Australia is good customer service as defined in the Medicare Australia Charter of Care. FaCSIA is responsible for setting policy direction and service standards, and Medicare Australia is responsible for the delivery of services to the agreed service standards.

Outcome 1 – Improving Australia’s health through payments and information – Department of Health and Ageing

Cross agency overview

Medicare Australia provides payment services to the Department of Health and Ageing through Business Practice Agreements. The services provided are for the administration of the Aged Care payments function, Broadband for Health Incentive Payments Scheme (General Practice and Pharmacy), and the National Bowel Cancer Screening Register.

Responsibility

Policy responsibility for these initiatives lies within the Health and Ageing Portfolio, and for Medicare Australia within the Human Services Portfolio.

Control arrangements

Medicare Australia is subject to the *Medicare Australia Act 1973* and the *Financial Management and Accountability Act 1997*.

Resourcing

Medicare Australia is funded under an agreement with the Department of Health and Ageing. The estimated revenue to Medicare Australia for 2007-08 is \$17.632m.

Performance against outcomes of purchased outputs

The performance of Medicare Australia in delivering these initiatives is covered in the performance measures outlined in Business Practice Agreements. Department of Health and Ageing is responsible for setting policy direction and service standards, and Medicare Australia is responsible for the delivery of services to the agreed standards.

Outcome 1 – Improving Australia’s health through payments and information – Health Department of Western Australia

Cross agency overview

Medicare Australia recovers costs for the payment of Visiting Medical Practitioners (VMPs) on behalf of the Health Department of Western Australia

Responsibility

Policy responsibility for the payment of Visiting Medical Practitioners lies with the Health Department of Western Australia and for Medicare Australia within the Human Services Portfolio.

Control arrangements

Medicare Australia is subject to the *Medicare Australia Act 1973* and the *Financial Management and Accountability Act 1997*.

The State of Western Australia, through the various public hospitals boards established pursuant to sections 7 and 15 of the *Hospitals and Health Service Act 1927* (WA) (“the Hospitals Act”), makes payments to Visiting Medical Practitioners (VMP’s) for services provided at various public hospitals throughout the State.

Resourcing

Medicare Australia and the Western Australian Government entered into an Agreement on 17 June 1999 for the provision of consultancy and management services in relation to the then nominated services, including the areas of claims assessment and the provision of payment advice to health service providers. The estimated revenue to Medicare Australia for 2007-08 is \$1.183m.

Performance against outcomes of purchased outputs

The performance of Medicare Australia in delivering the consultancy and management services in relation to the nominated services is covered in the performance measures outlined in the Agreement signed on the 17 June 1999. The Western Australian Government is responsible for setting policy direction and service standards, and Medicare Australia is responsible for the delivery of the nominated services and measures.

4.2 COST RECOVERY ARRANGEMENTS

Medicare Australia recovers costs in relation to activities undertaken on behalf of other agencies. These include the Department of Health and Ageing; Department of Veterans' Affairs; Department of Families, Community Services and Indigenous Affairs, and the Health Department of Western Australia. These activities are discussed at Section 4.1 Purchaser-Provider Arrangements.

The International Consultancy section within Medicare Australia manages cost recovered projects with overseas entities. Medicare Australia also recovers costs for the provision of statistical information and accommodation space in a sub-lease arrangement.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Please refer to the Portfolio Overview, Table 1: Australian Government Indigenous Expenditure for a summary of expenditure.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of Medicare Australia's budgeted departmental financial statements is provided below.

Income Statement

Medicare Australia is estimating a breakeven position for 2007-08 and in the forward years. The revenue estimate for the current budget year is \$652.3m which represents an increase of \$29.0m from 2006-07 estimated actuals. This is mainly attributable to increased appropriation revenue of \$31.6m which primarily reflects an increase in funding for the Pharmaceutical Benefits Scheme reform, Health and Social Services Access Card system and volume and price adjustments.

Employee expenses have increased marginally by \$0.9m, whereas, supplier costs have increased by \$25.3m due to additional expenses associated with Health and Social Services Access Card, Medicare Easyclaim and Pharmaceutical Benefits Scheme reform.

Statement of Financial Position

Medicare Australia's budgeted net asset position of \$149.3m represents an increase of \$22.6m from the 2006-07 estimated actual. The increase is primarily due to increased equity injections associated with capital expenditure, and prior year output appropriations of \$10.8m.

Medicare Australia's primary liability continues to be accrued employee entitlements of \$83.1m.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	554,415	585,983	631,716	654,445	706,365
Goods and services	67,161	65,157	58,618	57,834	54,812
Rents	1,197	800	800	800	800
Other	-	-	-	-	-
Total revenue	622,773	651,940	691,134	713,079	761,977
Gains					
Other	494	350	350	350	350
Total gains	494	350	350	350	350
Total income	623,267	652,290	691,484	713,429	762,327
EXPENSE					
Employees	348,488	349,370	369,120	366,028	364,932
Suppliers	229,197	254,473	275,992	302,155	353,541
Grants	-	-	-	-	-
Depreciation and amortisation	45,582	48,447	46,372	45,246	43,854
Total expenses	623,267	652,290	691,484	713,429	762,327
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Surplus (Deficit) before income tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)					
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	4,717	4,717	4,717	4,717	4,717
Receivables	139,503	160,689	174,963	185,733	201,024
Accrued Revenues	1,714	1,714	1,714	1,714	1,714
Total financial assets	145,934	167,120	181,394	192,164	207,455
Non-financial assets					
Land and buildings	47,351	54,355	56,983	57,563	57,407
Infrastructure, plant and equipment	7,485	10,645	9,239	7,796	6,205
Heritage and cultural assets	82	82	82	82	82
Intangibles	68,407	63,679	56,279	50,235	46,171
Other	10,409	10,409	10,409	10,409	10,409
Total non-financial assets	133,734	139,170	132,992	126,085	120,274
Total assets	279,668	306,290	314,386	318,249	327,729
LIABILITIES					
Interest bearing liabilities					
Loans	7,380	7,380	7,380	7,380	7,380
Total interest bearing liabilities	7,380	7,380	7,380	7,380	7,380
Provisions					
Employees	83,361	83,115	87,286	86,365	86,440
Other	3,921	3,921	3,921	3,921	3,921
Total provisions	87,282	87,036	91,207	90,286	90,361
Payables					
Suppliers	55,221	59,699	63,510	68,146	77,251
Other	3,132	2,908	2,874	2,874	2,874
Total payables	58,353	62,607	66,384	71,020	80,125
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	153,015	157,023	164,971	168,686	177,866
EQUITY*					
Parent entity interest					
Contributed equity	135,474	158,088	158,236	158,384	158,684
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	(8,821)	(8,821)	(8,821)	(8,821)	(8,821)
Total parent entity interest	126,653	149,267	149,415	149,563	149,863
Total equity	126,653	149,267	149,415	149,563	149,863
Current assets	156,343	177,529	191,803	202,573	217,864
Non-current assets	123,325	128,761	122,583	115,676	109,865
Current liabilities	133,472	136,968	143,901	147,142	155,149
Non-current liabilities	19,543	20,055	21,070	21,544	22,717

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	60,721	65,576	60,684	58,086	55,783
Appropriations	545,222	564,154	615,342	643,423	690,103
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	16,523	16,126	16,126	16,126	16,126
Total cash received	622,466	645,856	692,152	717,635	762,012
Cash used					
Employees	342,229	349,616	364,949	366,949	364,857
Suppliers	226,652	249,645	271,831	297,169	344,086
Other	15,326	15,326	15,326	15,326	15,326
Income taxes paid	-	-	-	-	-
Total cash used	584,207	614,587	652,106	679,444	724,269
Net cash from or (used by) operating activities	38,259	31,269	40,046	38,191	37,743
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	48,990	53,883	40,194	38,339	38,043
Total cash used	48,990	53,883	40,194	38,339	38,043
Net cash from or (used by) investing activities	(48,990)	(53,883)	(40,194)	(38,339)	(38,043)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	10,667	22,614	148	148	300
Total cash received	10,667	22,614	148	148	300
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	10,667	22,614	148	148	300
Net increase or (decrease) in cash held	(64)	-	-	-	-
Cash at the beginning of the reporting period	4,781	4,717	4,717	4,717	4,717
Cash at the end of the reporting period	4,717	4,717	4,717	4,717	4,717

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(8,821)	-	-	135,474	126,653
Adjusted opening balance	(8,821)	-	-	135,474	126,653
Surplus (deficit) for the period					
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)				11,830	11,830
Other: Previous years' outputs				10,784	10,784
Sub-total transactions with owners	-	-	-	22,614	22,614
Estimated closing balance as at 30 June 2008					
	(8,821)	-	-	158,088	149,267

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	10,667	11,830	148	148	300
Appropriation of Previous Year Accrued Revenue	-	10,784	-	-	-
Total capital appropriations	10,667	22,614	148	148	300
Represented by:					
Purchase of non-financial assets	10,667	11,830	148	148	300
Other Items	-	10,784	-	-	-
Total represented by	10,667	22,614	148	148	300
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	10,667	11,830	148	148	300
Funded internally by					
Departmental resources	38,323	42,053	40,046	38,191	37,743
Total	48,990	53,883	40,194	38,339	38,043

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007							
Gross book value	-	75,852	8,047	82	118,940	-	202,921
Accumulated depreciation	-	28,501	562	-	50,533	-	79,596
Opening net book value	-	47,351	7,485	82	68,407	-	123,325
Additions:							
by purchase	-	25,719	4,326	-	3,500	-	33,545
internally developed	-	-	-	-	20,338	-	20,338
Depreciation/amortisation expense	-	18,715	1,166	-	28,566	-	48,447
Disposals:							
other disposals	-	-	-	-	-	-	-
As at 30 June 2008							
Gross book value	-	101,571	12,373	82	142,778	-	256,804
Accumulated depreciation	-	47,216	1,728	-	79,099	-	128,043
Estimated closing net book value	-	54,355	10,645	82	63,679	-	128,761

5.3 NOTES TO THE FINANCIAL STATEMENTS

The financial statements reflect the entries to the Central Budget Management System (CBMS) as at April 2007.

Basis of accounting

Medicare Australia's budget statements have been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (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.

PORTFOLIO GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF).
Departmental	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most

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	employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes price, quality and quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Intermediate outcomes	More specific medium-term impacts (for example, trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (<i>see outcomes</i>)
Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as

influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.

Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (<i>Financial Management and Accountability (FMA) Act 1997</i> , subsection 20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 FMA Act) or through an Act of

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	Parliament (referred to in section 21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year. Standing appropriations are a sub-category consisting of ongoing special appropriations— the amount appropriated will depend on circumstances specified in the legislation.

