

**PORTFOLIO ADDITIONAL  
ESTIMATES STATEMENTS 2009-10**

HUMAN SERVICES PORTFOLIO

EXPLANATIONS OF ADDITIONAL ESTIMATES 2009-10

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## **MINISTER**

**PARLIAMENT HOUSE  
CANBERRA 2600**

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 Additional Estimates Statements in support of the 2009-10 Additional Estimates for the **XXXX** Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the funding requirements being sought for the Portfolio.

I present these statements by virtue of my ministerial responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely

Minister

**Abbreviations and conventions**

(a) The following notations may be used:

|         |   |
|---------|---|
| NEC/nec | not elsewhere classified                    |
| AEST    | Australian Eastern Standard Time            |
| -       | nil   |
| ..      | not zero, but rounded to zero               |
| na      | not applicable (unless otherwise specified) |
| nfp     | not for publication                         |
| \$m     | \$ million                                  |

(b) Figures in tables and in the text may be rounded. Discrepancies in tables between totals and sums of components are due to rounding.

**ENQUIRIES**

Should you have any enquiries regarding this publication please contact Ms. Jennifer Gale, Chief Financial Officer in the Department of Human Services on (02) 6223 4433.

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

**USER GUIDE**  
**TO THE**  
**PORTFOLIO ADDITIONAL**  
**ESTIMATES STATEMENTS**

## USER GUIDE

The purpose of the Portfolio Additional Estimates Statements (PAES), like that of the Portfolio Budget Statements (PB Statements), is to inform Senators and Members of Parliament and the public of the proposed allocation of resources to Government outcomes by agencies within the portfolio. The focus of the PAES differs from the PB Statements in one important aspect. While the PAES include an Agency Resource Statement to inform Parliament of the revised estimate of the total resources available to an agency, the focus of the PAES is on explaining the changes in resourcing by outcome(s) since the Budget. As such, the PAES provides information on new measures and their impact on the financial and/or non-financial planned performance of programs supporting those outcomes.

The PAES facilitate understanding of the proposed appropriations in Appropriation Bills (No. 3 and No. 4) 2009-10. In this sense the PAES is declared by the Additional Estimates Appropriation Bills to be a 'relevant document' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

Whereas the *Mid-Year Economic and Fiscal Outlook 2009-10* is a mid-year budget report which provides updated information to allow the assessment of the Government's fiscal performance against its fiscal strategy, the PAES update the most recent budget appropriations for agencies within the portfolio.

## STRUCTURE OF THE PORTFOLIO ADDITIONAL ESTIMATES STATEMENTS

The PAES are presented in three parts with subsections.

### User guide

Provides a brief introduction explaining the purpose of the PAES.

### Portfolio overview

Provides an overview of the portfolio, including a chart that outlines the outcomes for agencies in the portfolio.

### Agency additional estimates statements

A statement (under the name of the agency) for each agency affected by Additional Estimates.

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|   |  |
|---|--|
| <b>Section 1: Agency overview and resources</b> | This section details the total resources available to an agency, the impact of any measures since Budget, and impact on Appropriation Bills No. 3 and No. 4. |
|---|--|

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|   |   |
|---|---|
| <b>Section 2: Revisions to outcomes and planned performance</b> | This section details <b>changes</b> to Government outcomes and/or <b>changes</b> to the planned performance of agency programs. |
|---|---|

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|  |   |
|--|---|
| <b>Section 3: Explanatory tables and budgeted financial statements</b> | This section contains updated explanatory tables on special account flows and staffing levels and revisions to the budgeted financial statements. |
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|                 |   |
|-----------------|---|
| <b>Glossary</b> | Explains key terms relevant to the Portfolio. |
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# **PORTFOLIO OVERVIEW**



# HUMAN SERVICES PORTFOLIO OVERVIEW

## MINISTER AND PORTFOLIO RESPONSIBILITIES

The Department of Human Services was created on 26 October 2004, as part of the Finance 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 were transferred to a newly created Human Services portfolio.

The Department of Human Services provides a central policy and coordination role for the delivery of services across the portfolio as well as being the delivery agency for child support and vocational rehabilitation services. The Department works with other departments and agencies to develop policy on service delivery, as clarified by the AAOs issued on 25 January 2008, and to ensure the effective, innovative, and efficient implementation of government service delivery policy. The Department works to ensure early consideration of service delivery issues in the policy development process to improve the quality and cost effectiveness of service delivery by agencies in the Human Services portfolio.

## HUMAN SERVICES AGENCIES

### AGENCIES WITHIN THE HUMAN SERVICES PORTFOLIO

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

#### *General Government Sector Entities*

- The **Department of Human Services** consists of the Central Department, the Child Support Program and CRS Australia. The Central Department's role is to direct, coordinate and broker improvements to service delivery, provide policy advice on service delivery matters to government and ensure efficient implementation of Government service delivery. The Child Support Program provides support to separated parents to provide the financial and emotional support necessary for their children's wellbeing. 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.

*Portfolio overview*

- **Centrelink** delivers a range of government payments and services for retirees, the unemployed, families, carers, parents, people with disabilities, indigenous people, and people from diverse cultural and linguistic backgrounds, and provides services at times of major change.
- **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-General Government Sector Entities (Public Non-Financial Corporations)*

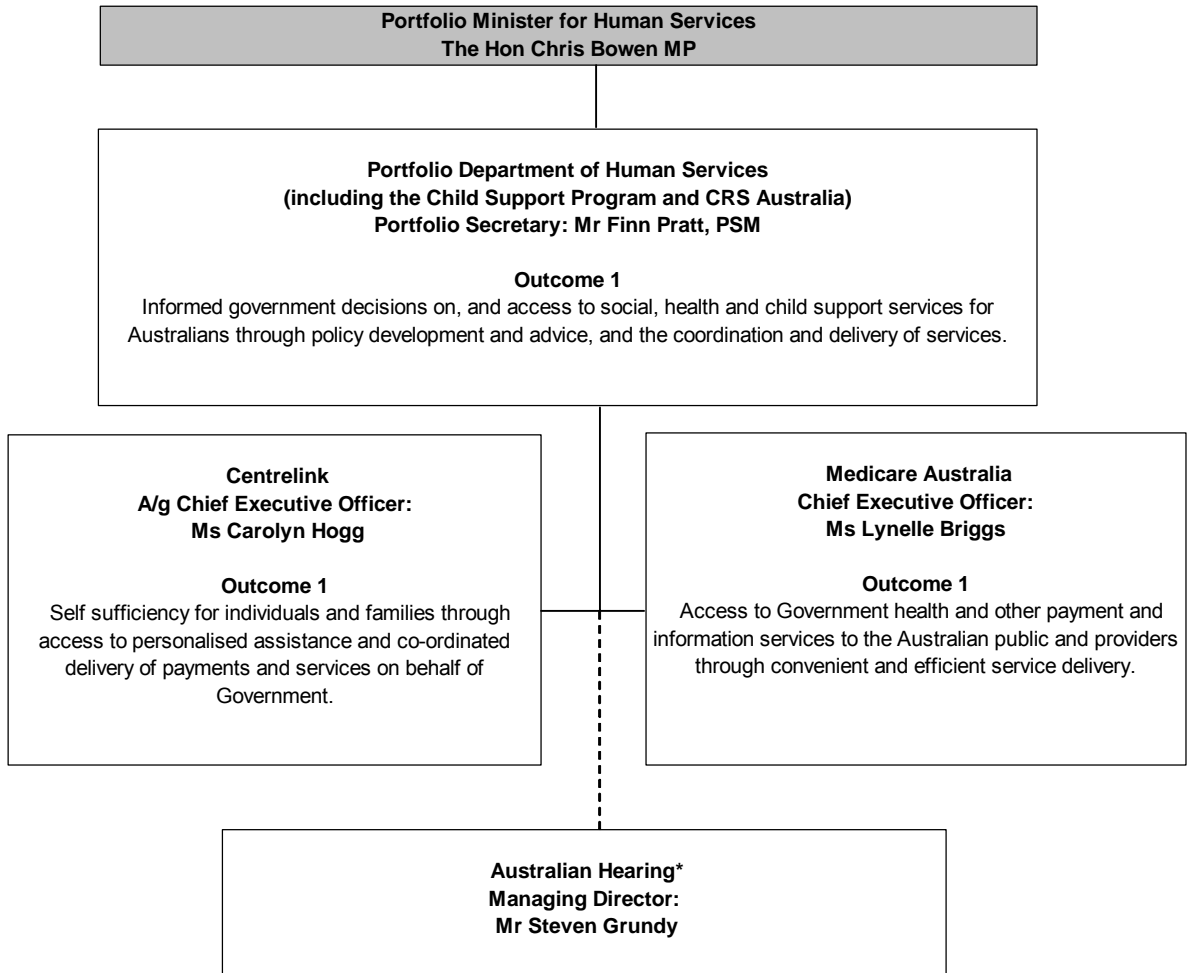
- **Australian Hearing** is one of the largest hearing service providers in the world and is dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21, eligible adults and aged pensioners, and most war veterans.

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 or Portfolio Additional Estimates Statements.

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

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

**Figure 1: Human Services portfolio structure and outcomes**



\* This agency is non-general government sector entity and is not consolidated into the Commonwealth general government sector fiscal estimates. Therefore it is not reported in the Portfolio Budget Statements or Portfolio Additional Estimates Statements.

## PORTFOLIO RESOURCES

Table 1 shows the additional resources provided to the portfolio in the 2009-10 budget year, by agency.

**Table 1: Portfolio resources 2009-10**

|  | Appropriation     |                   | Movements      |                 | Total   |
|--|-------------------|-------------------|----------------|-----------------|---|
|  | Bill No. 3<br>\$m | Bill No. 4<br>\$m | Special<br>\$m | Receipts<br>\$m | \$m   |
| <b>Department of Human Services</b>          |                   |                   |                |                 |   |
| Administered appropriations                  | 1                 | -                 | -              | -               | 1   |
| Departmental appropriations                  | -                 | -                 | -              | 2               | 2   |
| <b>Total:</b>                                | <b>1</b>          | <b>-</b>          | <b>-</b>       | <b>2</b>        | <b>3</b>  |
| <b>Centrelink</b>                            |                   |                   |                |                 |   |
| Administered appropriations                  | -                 | -                 | -              | -               | -   |
| Departmental appropriations                  | 40                | 9                 | -              | 86              | 135   |
| <b>Total:</b>                                | <b>40</b>         | <b>9</b>          | <b>-</b>       | <b>86</b>       | <b>135</b>  |
| <b>Medicare Australia</b>                    |                   |                   |                |                 |   |
| Administered appropriations                  | -                 | -                 | -              | 2               | 2   |
| Departmental appropriations                  | -                 | -                 | -              | 36              | 36  |
| <b>Total:</b>                                | <b>-</b>          | <b>-</b>          | <b>-</b>       | <b>37</b>       | <b>37</b>   |
| <b>Portfolio total</b>                       | <b>41</b>         | <b>9</b>          | <b>-</b>       | <b>125</b>      | <b>176</b>  |
| Less amounts transferred<br>within portfolio |                   |                   |                |                 | -   |
|  |                   |                   |                |                 | <b>Additional resources available within portfolio: 176</b> |



# AGENCY ADDITIONAL ESTIMATES STATEMENTS

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# DEPARTMENT OF HUMAN SERVICES

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## **DEPARTMENT OF HUMAN SERVICES**

### **Section 1: Agency overview and resources**

#### **1.1 STRATEGIC DIRECTION**

The Department of Human Services (the Department) drives the development of service delivery policy and coordinates and oversees the delivery of innovative and cost effective services to Australians.

The Department is committed to achieving best value for money, improved governance, clearer accountability and better performance in government service delivery. In delivering on these objectives, the Department places a strong emphasis on promoting innovation and continuous improvement, and to working across service delivery agencies and government as a whole.

The Department works together with the three agencies that form part of the Human Services portfolio, Centrelink, Medicare Australia and Australian Hearing. On 1 April 2009, Health Services Australia merged with Medibank Private Limited into a combined entity and therefore is no longer part of the Human Services portfolio.

The Department's key strategies are set out below:

- working with government agencies to develop innovative and flexible service delivery policy that enables access to a high standard of service to customers;
- working with the service delivery agencies to deliver value for money in service provision, and sound and sustainable financial and governance arrangements;
- supporting separated parents to transfer payments for the benefit of their children through the delivery of a coordinated approach to child support services;
- providing people with a disability or injury with high quality vocational rehabilitation assessment, injury management and prevention services; and
- providing advice and service delivery that balances individuals' preference for service delivery with the risks to taxpayer funds caused by fraud and incorrect payment.

## 1.2 AGENCY RESOURCE STATEMENT

The Agency Resource Statement details the resourcing for the Department of Human Services at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2009-10 Budget year, including variations through Appropriation Bills No.3 and No.4, special appropriations and special accounts.

**Table 1.1: Department of Human Services resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009**

|  | Estimate as<br>at Budget + | Proposed<br>Additional =<br>Estimates | Total<br>estimate<br>at Additional<br>Estimates | Total<br>available<br>appropriation |
|--|----------------------------|---------------------------------------|---|-------------------------------------|
|  | 2009-10<br>\$'000          | 2009-10<br>\$'000                     | 2009-10<br>\$'000                               | 2008-09<br>\$'000                   |
| <b>Ordinary annual services<sup>1</sup></b>            |                            |                                       |   |                                     |
| <b>Departmental appropriation</b>                      |                            |                                       |   |                                     |
| Prior year departmental appropriation <sup>2</sup>     | 207,773                    | -                                     | 207,773   | 181,962                             |
| Departmental appropriation                             | 558,258                    | (750)                                 | 557,508   | 496,458                             |
| Section 31 Relevant agency receipts <sup>3</sup>       | 204,186                    | 2,449                                 | 206,635   | 210,115                             |
| <b>Total</b>   | <b>970,217</b>             | <b>1,699</b>                          | <b>971,916</b>                                  | <b>888,535</b>                      |
| <b>Administered expenses</b>                           |                            |                                       |   |                                     |
| Outcome 1  | 7,445                      | 748                                   | 8,193   | 172,730                             |
| <b>Total</b>   | <b>7,445</b>               | <b>748</b>                            | <b>8,193</b>                                    | <b>172,730</b>                      |
| <b>Total ordinary annual services</b>                  | <b>A 977,662</b>           | <b>2,447</b>                          | <b>980,109</b>                                  | <b>1,061,265</b>                    |
| <b>Departmental non-operating</b>                      |                            |                                       |   |                                     |
| Equity injections                                      | -                          | -                                     | -   | 1,835                               |
| Previous years' outputs                                | 7,779                      | -                                     | 7,779   | 5,329                               |
| <b>Total</b>   | <b>7,779</b>               | <b>-</b>                              | <b>7,779</b>                                    | <b>7,164</b>                        |
| <b>Total other services</b>                            | <b>B 7,779</b>             | <b>-</b>                              | <b>7,779</b>                                    | <b>7,164</b>                        |
| <b>Total available annual appropriations</b>           | <b>985,441</b>             | <b>2,447</b>                          | <b>987,888</b>                                  | <b>1,068,429</b>                    |
| <b>Special appropriations</b>                          |                            |                                       |   |                                     |
| <b>Special appropriations</b>                          |                            |                                       |   |                                     |
| Child Support (Registration and Collection) Act 1988   |                            |                                       |   |                                     |
| Section 77 - unremitted deductions                     | 84,520                     | (21)                                  | 84,499  | 70,414                              |
| Section 78 - unexplained remittance                    | 50                         |                                       | 50  | -                                   |
| <b>Total special appropriations</b>                    | <b>C 84,570</b>            | <b>(21)</b>                           | <b>84,549</b>                                   | <b>70,414</b>                       |
| <b>Total appropriations excluding special accounts</b> | <b>1,070,011</b>           | <b>2,426</b>                          | <b>1,072,437</b>                                | <b>1,138,843</b>                    |

**Table 1.1: Department of Human Services resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009 (continued)**

|  | Estimate as<br>at Budget <sup>+</sup> | Proposed<br>Additional <sup>=</sup><br>Estimates | Total<br>estimate<br>at Additional<br>Estimates | Total<br>available<br>appropriation |
|--|---------------------------------------|--|---|-------------------------------------|
|  | 2009-10<br>\$'000                     | 2009-10<br>\$'000                                | 2009-10<br>\$'000                               | 2008-09<br>\$'000                   |
| <b>Special accounts</b>  |                                       |  |   |                                     |
| Opening balance <sup>4</sup>   | 55,789                                | -  | 55,789  | 51,917                              |
| Appropriation receipts <sup>5</sup>  | 88,799                                | (23)   | 88,776  | 73,108                              |
| Non-appropriation receipts to<br>Special accounts  | 1,206,875                             | (306)  | 1,206,569                                       | 1,068,614                           |
| <b>Total special account</b>   | <b>D 1,351,463</b>                    | <b>(329)</b>                                     | <b>1,351,134</b>                                | <b>1,193,639</b>                    |
| <b>Total resourcing</b><br>A+B+C+D   | <b>2,421,474</b>                      | <b>2,097</b>                                     | <b>2,423,571</b>                                | <b>2,332,482</b>                    |
| Less appropriations drawn from<br>annual or special appropriations above<br>and credited to special accounts | 88,799                                | (23)   | 88,776  | 73,108                              |
| <b>Total net resourcing for Department of<br/>Human Services</b>   | <b>2,332,675</b>                      | <b>2,120</b>                                     | <b>2,334,795</b>                                | <b>2,259,374</b>                    |

<sup>1</sup> Appropriation Bills (No.1 & 3) 2009-10

<sup>2</sup> Estimated adjusted balance carried from previous year for Annual Appropriations

<sup>3</sup> s31 Relevant agency receipts - estimate

<sup>4</sup> Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.1.

<sup>5</sup> Appropriation receipts from Department of Human Services annual and special appropriations for 2009-10 included above.

Reader note: All figures are GST exclusive.

### Third Party Drawdowns from and on behalf of other agencies

|  | Estimate at<br>Budget | Estimate at<br>Additional<br>Estimates |
|--|-----------------------|--|
|  | 2009-10<br>\$'000     | 2009-10<br>\$'000                      |
| Revenue received from other agencies for the provision of services (disclosed<br>above within Departmental section 31) |                       |  |
| - Department of Education, Employment and Workplace Relations  | 168,138               | 168,138                                |
| Payments made to other agencies for the provision of services  |                       |  |
| - Centrelink   | 1,960                 | 2,153                                  |

### 1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2009-10 Budget. The table is split into revenue, expense and capital measures, with the affected program identified.

**Table 1.2: Agency Measures since Budget**

|   | Program | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 | 2012-13<br>\$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| <b>Expense measures</b>   |         |                   |                   |                   |                   |
| A New Scheme of Income Management <sup>1</sup>  | 1.1     |                   |                   |                   |                   |
| Administered expenses   |         | 750               | 4,846             | 5,006             | 5,006             |
| Departmental expenses   |         | (750)             | 1,051             | 983               | 1,010             |
| <b>Total</b>  |         | -                 | <b>5,897</b>      | <b>5,989</b>      | <b>6,016</b>      |
| Child Support Income Estimates<br>- Transitional Arrangements and Long Term<br>Solution | 1.1     |                   |                   |                   |                   |
| Administered expenses   |         | -                 | -                 | -                 | -                 |
| Departmental expenses   |         | -                 | -                 | -                 | -                 |
| <b>Total</b>  |         | -                 | -                 | -                 | -                 |
| <b>Total expense measures</b>   |         |                   |                   |                   |                   |
| Administered  |         | 750               | 4,846             | 5,006             | 5,006             |
| Departmental  |         | (750)             | 1,051             | 983               | 1,010             |
| <b>Total</b>  |         | -                 | <b>5,897</b>      | <b>5,989</b>      | <b>6,016</b>      |
| <b>Capital measures</b>   |         |                   |                   |                   |                   |
| A New Scheme of Income Management <sup>1</sup>  | 1.1     |                   |                   |                   |                   |
| Administered capital  |         | -                 | 160               | -                 | -                 |
| Departmental capital  |         | -                 | -                 | -                 | -                 |
| <b>Total</b>  |         | -                 | <b>160</b>        | -                 | -                 |
| <b>Total capital measures</b>   |         |                   |                   |                   |                   |
| Administered  |         | -                 | 160               | -                 | -                 |
| Departmental  |         | -                 | -                 | -                 | -                 |
| <b>Total</b>  |         | -                 | <b>160</b>        | -                 | -                 |

Prepared on a Government Financial Statistics (fiscal) basis

<sup>1</sup> The lead agency for *A New Scheme of Income Management* measure is the Department of Families, Housing, Community Services and Indigenous Affairs.



## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for Department of Human Services at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2009-10 Budget in Appropriation Bills No.3 and No.4. Table 1.4 details Additional Estimates or variations through other factors, such as parameter adjustments.

**Table 1.3: Additional estimates and variations to outcomes from measures since 2009-10 Budget**

|   | Program impacted | 2009-10 (\$'000) | 2010-11 (\$'000) | 2011-12 (\$'000) | 2012-13 (\$'000) |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Outcome 1</b>  |                  |                  |                  |                  |                  |
| Increase in estimates (administered)                        | 1.1              |                  |                  |                  |                  |
| A New Scheme of Income Management - expenses                |                  | 750              | 4,846            | 5,006            | 5,006            |
| A New Scheme of Income Management - capital                 |                  | -                | 160              | -                | -                |
| <b>Net impact on estimates for Outcome 1 (administered)</b> |                  | <b>750</b>       | <b>5,006</b>     | <b>5,006</b>     | <b>5,006</b>     |
| Increase in estimates (departmental)                        | 1.1              | (750)            | 1,051            | 983              | 1,010            |
| A New Scheme of Income Management                           |                  |                  |                  |                  |                  |
| <b>Net impact on estimates for Outcome 1 (departmental)</b> |                  | <b>(750)</b>     | <b>1,051</b>     | <b>983</b>       | <b>1,010</b>     |

**Table 1.4: Additional estimates and variations to outcomes from other variations**

|   | Program impacted | 2009-10 (\$'000) | 2010-11 (\$'000) | 2011-12 (\$'000) | 2012-13 (\$'000) |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Outcome 1</b>  |                  |                  |                  |                  |                  |
| Increase in estimates (administered)                        |                  |                  |                  |                  |                  |
| Child Support - annual appropriation                        | 1.1              | -                | -                | 32               | 69               |
| Child Support - special appropriation                       | 1.1              | -                | -                | 633              | 1,397            |
| Decrease in estimates (administered)                        |                  |                  |                  |                  |                  |
| Child Support - annual appropriation                        | 1.1              | (2)              | (22)             | -                | -                |
| Child Support - special appropriation                       | 1.1              | (21)             | (452)            | -                | -                |
| <b>Net impact on estimates for Outcome 1 (administered)</b> |                  | <b>(23)</b>      | <b>(474)</b>     | <b>665</b>       | <b>1,466</b>     |
| Decrease in estimates (departmental)                        |                  |                  |                  |                  |                  |
| Parameter adjustments                                       | 1.1              | -                | (1,954)          | (3,244)          | (3,747)          |
| <b>Net impact on estimates for Outcome 1 (departmental)</b> |                  | <b>-</b>         | <b>(1,954)</b>   | <b>(3,244)</b>   | <b>(3,747)</b>   |

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for the Department of Human Services through Appropriation Bills No.3 and No.4.

**Table 1.5: Appropriation Bill (No. 3) 2009-10**

|   | 2008-09<br>Available<br>(\$'000) | 2009-10<br>Budget<br>(\$'000) | 2009-10<br>Revised<br>(\$'000) | Additional<br>Estimates<br>(\$'000) | Reduced<br>Estimates<br>(\$'000) |
|---|----------------------------------|-------------------------------|--------------------------------|-------------------------------------|----------------------------------|
| <b>ADMINISTERED ITEMS</b>   |                                  |                               |                                |                                     |                                  |
| <b>Outcome 1</b>  |                                  |                               |                                |                                     |                                  |
| Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services | 172,730                          | 7,445                         | 8,193                          | 748                                 |                                  |
| <b>Total</b>  | <b>172,730</b>                   | <b>7,445</b>                  | <b>8,193</b>                   | <b>748</b>                          | <b>-</b>                         |
| <b>DEPARTMENTAL PROGRAMS</b>  |                                  |                               |                                |                                     |                                  |
| <b>Outcome 1</b>  |                                  |                               |                                |                                     |                                  |
| Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services | 496,458                          | 558,258                       | 557,508                        | -                                   | (750)                            |
| <b>Total</b>  | <b>496,458</b>                   | <b>558,258</b>                | <b>557,508</b>                 | <b>-</b>                            | <b>(750)</b>                     |
| <b>Total administered and departmental</b>  | <b>669,188</b>                   | <b>565,703</b>                | <b>565,701</b>                 | <b>748</b>                          | <b>(750)</b>                     |

**Note:** 2008-09 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

**Table 1.6: Appropriation Bill (No. 4) 2009-10**

There are no variations to the amounts appearing in the 2009-10 Portfolio Budget Statements.

## Section 2: Revisions to agency resources and planned performance

### **2.1 RESOURCES AND PERFORMANCE INFORMATION**

There have been no changes to the Department of Human Services' outcome and program structure since the Budget. Full details of outcome and programs can be found in the 2009-10 Portfolio Budget Statements.

#### **OUTCOME 1**

##### ***Outcome 1 Strategy***

There have been no changes to Outcome 1 Strategy since the 2009-10 Portfolio Budget Statements.

## OUTCOME 1

**Table 2.1: Budgeted Expenses and Resources for Outcome 1**

|   | 2008-09<br>Actual<br>expenses<br>\$'000 | 2009-10<br>Revised<br>estimated<br>expenses<br>\$'000 |
|---|---|---|
| <b>Outcome 1: Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services</b> |   |   |
| <b>Program 1.1: Human Services</b>  |   |   |
| Administered expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 173                                     | 3,966   |
| Departmental expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 504,237                                 | 557,508   |
| Revenues from independent sources (section 31)  | 190,603                                 | 207,141   |
| Expenses not requiring appropriation in the Budget year   | (13,077)                                | (1,212)   |
| <b>Total for Program 1.1</b>  | <b>681,936</b>                          | <b>767,403</b>  |
| <b>Program 1.2: Child Support</b>   |   |   |
| Administered expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 2,694                                   | 4,227   |
| Special appropriations  | 70,414                                  | 84,549  |
| Special accounts  | 1,020,480                               | 1,126,307   |
| Expenses not requiring appropriation in the Budget year   | 85,836                                  | 62,081  |
| <b>Total for Program 1.2</b>  | <b>1,179,424</b>                        | <b>1,277,164</b>                                      |
| <b>Program 1.3: Job Capacity Assessments</b>  |   |   |
| Administered expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 160,201                                 | -   |
| <b>Total for Program 1.3</b>  | <b>160,201</b>                          | <b>-</b>  |
| <b>Outcome 1 Totals by appropriation type</b>   |   |   |
| Administered Expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 163,068                                 | 8,193   |
| Special appropriations  | 70,414                                  | 84,549  |
| Special accounts  | 1,020,480                               | 1,126,307   |
| Expenses not requiring appropriation in the Budget year   | 85,836                                  | 62,081  |
| Departmental expenses   |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)   | 504,237                                 | 557,508   |
| Revenues from independent sources (section 31)  | 190,603                                 | 207,141   |
| Expenses not requiring appropriation in the Budget year   | (13,077)                                | (1,212)   |
| <b>Total expenses for Outcome 1</b>   | <b>2,021,561</b>                        | <b>2,044,567</b>                                      |
|   | 2008-09                                 | 2009-10   |
| <b>Average Staffing Level (number)</b>  | 5,332                                   | 5,848   |

**Program 1.1 Human Services**

**Program 1.1 Objective**

There have been no changes to program objectives since the 2009-10 Portfolio Budget Statements.

**Program 1.1 Expenses**

|  | 2008-09        | 2009-10        | 2010-11        | 2011-12        | 2012-13        |
|--|----------------|----------------|----------------|----------------|----------------|
| (‘000)   | Actuals        | Revised budget | Forward year 1 | Forward year 2 | Forward year 3 |
| Annual departmental expenses:                                  |                |                |                |                |                |
| <i>Departmental Appropriation</i>                              | 504,237        | 557,508        | 522,209        | 494,489        | 496,668        |
| <i>Revenues from other sources (s31)</i>                       | 190,603        | 207,141        | 200,290        | 199,157        | 199,186        |
| <i>Expenses not requiring appropriation in the Budget year</i> | (13,077)       | (1,212)        | (1,860)        | (1,860)        | (1,859)        |
| Annual Administered Expenses:                                  |                |                |                |                |                |
| <i>Other Administered</i>                                      | 173            | 3,966          | 4,846          | 5,006          | 5,006          |
| <b>Total program expenses</b>                                  | <b>681,936</b> | <b>767,403</b> | <b>725,485</b> | <b>696,792</b> | <b>699,001</b> |

**Program 1.1 Deliverables**

There have been no changes to program deliverables since the 2009-10 Portfolio Budget Statements.

**Program 1.1 Key Performance Indicators**

| <b>Program Key Performance Indicators</b>  |  |  |  |  |  |
|--|--|--|--|--|--|
| Key Performance Indicators   | 2008-09<br>Actuals   | 2009-10<br>Revised<br>budget<br>target   | 2010-11<br>Forward<br>year 1   | 2011-12<br>Forward<br>year 2   | 2012-13<br>Forward<br>year 3   |
| Briefs are submitted within agreed timeframes and meet the needs of the Minister.  | 98.5%  | 95%  | 95%  | 95%  | 95%  |
| Ministerial replies to correspondence are submitted within agreed timeframes.  | 85%  | 95%  | 95%  | 95%  | 95%  |
| Key initiatives (such as service delivery reform initiatives, fraud and compliance initiatives, the income management card and the Commonwealth Spatial Data Integration initiative) are delivered within agreed timeframes and budgets. | All  | All  | All  | All  | All  |
| Service delivery performance against agreed standards and targets is reported to the Minister in agreed timeframes.  | Quarterly reports provided to Minister within 6 weeks of end of quarter                    | Quarterly reports provided to Minister within 6 weeks of end of quarter                    | Quarterly reports provided to Minister within 6 weeks of end of quarter                    | Quarterly reports provided to Minister within 6 weeks of end of quarter                    | Quarterly reports provided to Minister within 6 weeks of end of quarter                    |
| Governance arrangements are appropriately implemented and managed for the Portfolio agencies and business units.   | Regular performance management meetings and reports provided to the Secretary and Minister | Regular performance management meetings and reports provided to the Secretary and Minister | Regular performance management meetings and reports provided to the Secretary and Minister | Regular performance management meetings and reports provided to the Secretary and Minister | Regular performance management meetings and reports provided to the Secretary and Minister |

**Program 1.1 Key Performance Indicators (continued)**

| <b>Program Key Performance Indicators</b>  |                    |  |                              |                              |                              |
|--|--------------------|--|------------------------------|------------------------------|------------------------------|
| Key Performance Indicators   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
| Customer satisfaction with Child Support services is maintained.                       | 72.7%              | 70%                                    | 70%                          | 70%                          | 70%                          |
| Cost per child support case <sup>1</sup> .   | \$518.79           | \$585.15                               | \$566.20                     | \$563.58                     | \$558.30                     |
| Cost per dollar of child support transferred <sup>1</sup> .                            | 14.97 cents        | 16.22 cents                            | 15.42 cents                  | 15.57 cents                  | 15.15 cents                  |
| <u>CRS Australia</u>   |                    |  |                              |                              |                              |
| Certification in Disability service Standards  | Certified          | Certified                              | Certified                    | Certified                    | Certified                    |
| At or above the market average for job seekers that remain in employment for 13 weeks. | 70%                | 70%                                    | 70%                          | 70%                          | 70%                          |

<sup>1</sup>KPIs above have been revised from previously published information. KPIs now reflect ongoing funding for the Child Support Program and exclude funding that has been provided for short term initiative such as the Estimate Reconciliation Project

**Program 1.2 Child Support**

**Program 1.2 Objective**

There have been no changes to program objective since the 2009-10 Portfolio Budget Statements.

Agency Additional Estimates Statements - DHS

**Program 1.2 Expenses**

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| ('000)  |                    |                              |                              |                              |                              |
| Annual administered expenses:                           |                    |                              |                              |                              |                              |
| <i>Child Support dishonoured cheques</i>                | 2,694              | 4,227                        | 4,411                        | 4,574                        | 4,728                        |
| Special appropriations:                                 |                    |                              |                              |                              |                              |
| <i>Child Support s77 - unremitted deductions</i>        | 70,414             | 84,499                       | 88,173                       | 91,421                       | 94,514                       |
| <i>Child Support s78 - unexplained remittance</i>       | -                  | 50                           | 50                           | 50                           | 50                           |
| Special account expenses:                               |                    |                              |                              |                              |                              |
| <i>Child Support Trust</i>                              | 1,020,480          | 1,126,307                    | 1,170,979                    | 1,212,710                    | 1,252,323                    |
| Expenses not requiring appropriation in the Budget year |                    |                              |                              |                              |                              |
| <i>Net write down of assets: Receivables</i>            | 85,836             | 62,081                       | 61,111                       | 61,968                       | 62,631                       |
| <b>Total program expenses</b>                           | <b>1,179,424</b>   | <b>1,277,164</b>             | <b>1,324,724</b>             | <b>1,370,723</b>             | <b>1,414,246</b>             |

**Program 1.2 Deliverables**

There have been no changes to program deliverables since the 2009-10 Portfolio Budget Statements.

**Program 1.2 Key Performance Indicators**

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|--|------------------------------|------------------------------|------------------------------|
| Total amount of child support transferred between parents in a timely manner              | \$2.8 billion      | \$3.0 billion                          | \$3.1 billion                | \$3.1 billion                | \$3.2 billion                |
| Child support collection rate (CSA collect only)  | 91.5 %             | 91.5 %                                 | 91.5 %                       | 91.6 %                       | 91.7%                        |
| Percentage of Private collect cases to total active cases (CSA and Private collect cases) | 53.2%              | 52.0%                                  | 52.0%                        | 52.0%                        | 52.0%                        |

**Program 1.3 Job Capacity Assessments<sup>1</sup>**

**Program 1.3 Expense**

|                               | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-011<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|-------------------------------|--------------------|------------------------------|-------------------------------|------------------------------|------------------------------|
| ('000)                        |                    |                              |                               |                              |                              |
| Annual Administered Expenses: |                    |                              |                               |                              |                              |
| Job Capacity Assessments      | 160,201            | -                            | -                             | -                            | -                            |
| <b>Total program expenses</b> | <b>160,201</b>     | <b>-</b>                     | <b>-</b>                      | <b>-</b>                     | <b>-</b>                     |

<sup>1</sup> From 1 July 2009, The Department of Education, Employment, and Workplace Relations administers this program.



## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the Department of Human Services. The corresponding table in the 2009-10 PB Statements is Table 3.1.2.

**Table 3.1.1: Estimates of special account flows**

|                                 |         | Opening<br>balance<br><b>2009-10</b><br>2008-09 | Receipts<br><b>2009-10</b><br>2008-09 | Payments<br><b>2009-10</b><br>2008-09 | Adjustments<br><b>2009-10</b><br>2008-09 | Closing<br>balance<br><b>2009-10</b><br>2008-09 |
|---------------------------------|---------|---|---------------------------------------|---------------------------------------|--|---|
|                                 | Outcome | \$'000  | \$'000                                | \$'000                                | \$'000                                   | \$'000  |
| Child Support Account (A)       | 1       | <b>55,789</b>                                   | <b>1,295,345</b>                      | <b>1,295,345</b>                      | -  | <b>55,789</b>                                   |
|                                 |         | 22,095  | 1,068,614                             | 1,064,742                             | 29,822                                   | 55,789  |
| <b>Total special accounts</b>   |         |   |                                       |                                       |  |   |
| <b>2009-10 Revised estimate</b> |         | <b>55,789</b>                                   | <b>1,295,345</b>                      | <b>1,295,345</b>                      | -  | <b>55,789</b>                                   |
| Total special accounts          |         |   |                                       |                                       |  |   |
| 2008-09 actual                  |         | 22,095  | 1,068,614                             | 1,064,742                             | 29,822                                   | 55,789  |

(A) = Administered

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Analysis of budgeted financial statements**

#### **Budgeted departmental comprehensive income statement**

Appropriation revenue decreases in 2009-10 by \$0.8 million since the 2009-10 Budget as an offset to increased administered expenses for the measure *A New Scheme of Income Management*.

#### **Budgeted departmental balance sheet**

The Department's net asset position for 2009-10 has increased by \$7.1 million since the 2009-10 Budget. Changes across the budgeted balance sheet categories are mainly due to the flow on impacts of the 2008-09 actual closing balances.

#### **Budgeted administered financial statements**

Revenues administered on behalf of the Government have decreased by \$53.0 million to \$1,290.6 million since the 2009-10 Budget. The decrease is predominantly due to the reversal of \$27.0 million relating to a special dividend from Health Services Australia which has been recognised as revenue in 2008-09. The revision in Child Support Program revenue based on forecast caseload has also resulted in lower than expected penalty revenue.

Expenses have decreased by a total of \$20.6 million since the 2009-10 Budget. This decrease is predominantly due to the revision in the Child Support Program offset by an increase of \$0.8 million for the measure *A New Scheme of Income Management*.

### 3.2.2 Budgeted financial statements

#### Departmental financial statements

**Table 3.2.1: Budgeted departmental comprehensive income statement (Showing Net Cost of Services) for the period ended 30 June**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>EXPENSES</b>   |                             |  |  |  |  |
| Employee benefits   | 426,954                     | 470,570                                | 442,974                                  | 420,125                                  | 419,427                                  |
| Supplier  | 224,010                     | 259,673                                | 244,969                                  | 239,989                                  | 245,391                                  |
| Depreciation and amortisation   | 27,937                      | 31,264                                 | 30,813                                   | 29,769                                   | 27,250                                   |
| Write-down and impairment of assets   | 140                         | 58                                     | 58                                       | 58                                       | 58                                       |
| Losses from asset sales   | 1,121                       | -                                      | -  | -  | -  |
| Finance costs   | (342)                       | 483                                    | 436                                      | 456                                      | 480                                      |
| Other   | 1,943                       | 1,389                                  | 1,389                                    | 1,389                                    | 1,389                                    |
| <b>Total expenses</b>   | <b>681,763</b>              | <b>763,437</b>                         | <b>720,639</b>                           | <b>691,786</b>                           | <b>693,995</b>                           |
| <b>LESS:</b>  |                             |  |  |  |  |
| <b>OWN-SOURCE INCOME</b>  |                             |  |  |  |  |
| <b>Revenue</b>  |                             |  |  |  |  |
| Sale of goods and rendering of services                                     | 187,702                     | 203,686                                | 199,284                                  | 198,151                                  | 198,180                                  |
| Fees and fines  | -                           | -                                      | -  | -  | -  |
| Other revenue   | 2,901                       | 3,455                                  | 1,006                                    | 1,006                                    | 1,006                                    |
| <b>Total revenue</b>  | <b>190,603</b>              | <b>207,141</b>                         | <b>200,290</b>                           | <b>199,157</b>                           | <b>199,186</b>                           |
| <b>Total own-source income</b>  | <b>190,603</b>              | <b>207,141</b>                         | <b>200,290</b>                           | <b>199,157</b>                           | <b>199,186</b>                           |
| <b>Net cost of (contribution by) services</b>                               | <b>491,160</b>              | <b>556,296</b>                         | <b>520,349</b>                           | <b>492,629</b>                           | <b>494,809</b>                           |
| Appropriation revenue   | 504,237                     | 557,508                                | 522,209                                  | 494,489                                  | 496,668                                  |
| <b>Surplus (Deficit)</b>  | <b>13,077</b>               | <b>1,212</b>                           | <b>1,860</b>                             | <b>1,860</b>                             | <b>1,859</b>                             |
| <b>Surplus (Deficit) attributable to the Australian Government</b>          | <b>13,077</b>               | <b>1,212</b>                           | <b>1,860</b>                             | <b>1,860</b>                             | <b>1,859</b>                             |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                             |  |  |  |  |
| Changes in asset revaluation reserves                                       | 1,164                       | -                                      | -  | -  | -  |
| <b>Total other comprehensive income</b>                                     | <b>1,164</b>                | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income</b>   | <b>14,241</b>               | <b>1,212</b>                           | <b>1,860</b>                             | <b>1,860</b>                             | <b>1,859</b>                             |
| <b>Total comprehensive income attributable to the Australian Government</b> | <b>14,241</b>               | <b>1,212</b>                           | <b>1,860</b>                             | <b>1,860</b>                             | <b>1,859</b>                             |

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS</b>                                 |                             |  |  |  |  |
| <b>Financial assets</b>                       |                             |  |  |  |  |
| Cash and equivalents                          | 7,190                       | 3,650                                  | 3,591                                    | 5,198                                    | 6,691                                    |
| Trade and other receivables                   | 236,416                     | 241,257                                | 257,165                                  | 258,147                                  | 276,412                                  |
| Other   | 1,347                       | 1,347                                  | 1,847                                    | 1,847                                    | 1,847                                    |
| <b>Total financial assets</b>                 | <b>244,953</b>              | <b>246,254</b>                         | <b>262,603</b>                           | <b>265,192</b>                           | <b>284,950</b>                           |
| <b>Non-financial assets</b>                   |                             |  |  |  |  |
| Land and buildings                            | 42,324                      | 47,210                                 | 41,857                                   | 50,429                                   | 42,828                                   |
| Infrastructure, plant and equipment           | 9,395                       | 8,763                                  | 7,467                                    | 4,998                                    | 4,471                                    |
| Intangibles                                   | 33,672                      | 27,581                                 | 18,760                                   | 12,511                                   | 5,850                                    |
| Other   | 4,786                       | 4,786                                  | 4,786                                    | 4,786                                    | 4,786                                    |
| <b>Total non-financial assets</b>             | <b>90,177</b>               | <b>88,340</b>                          | <b>72,870</b>                            | <b>72,724</b>                            | <b>57,935</b>                            |
| <b>Total assets</b>                           | <b>335,130</b>              | <b>334,594</b>                         | <b>335,473</b>                           | <b>337,916</b>                           | <b>342,885</b>                           |
| <b>LIABILITIES</b>                            |                             |  |  |  |  |
| <b>Interest bearing liabilities</b>           |                             |  |  |  |  |
| Leases  | 4,331                       | 4,331                                  | 4,331                                    | 4,331                                    | 4,331                                    |
| <b>Total interest bearing liabilities</b>     | <b>4,331</b>                | <b>4,331</b>                           | <b>4,331</b>                             | <b>4,331</b>                             | <b>4,331</b>                             |
| <b>Provisions</b>                             |                             |  |  |  |  |
| Employees <sup>1</sup>                        | 98,557                      | 102,293                                | 104,610                                  | 106,324                                  | 110,400                                  |
| Other   | 8,339                       | 7,381                                  | 7,817                                    | 8,274                                    | 8,754                                    |
| <b>Total provisions</b>                       | <b>106,896</b>              | <b>109,674</b>                         | <b>112,427</b>                           | <b>114,598</b>                           | <b>119,154</b>                           |
| <b>Payables</b>                               |                             |  |  |  |  |
| Suppliers                                     | 37,440                      | 36,435                                 | 35,416                                   | 35,850                                   | 36,392                                   |
| Lease incentives                              | 10,396                      | 7,846                                  | 5,393                                    | 3,371                                    | 1,383                                    |
| Other   | 19,048                      | 18,677                                 | 18,415                                   | 18,415                                   | 18,415                                   |
| <b>Total payables</b>                         | <b>66,884</b>               | <b>62,958</b>                          | <b>59,224</b>                            | <b>57,636</b>                            | <b>56,190</b>                            |
| <b>Total liabilities</b>                      | <b>178,111</b>              | <b>176,963</b>                         | <b>175,982</b>                           | <b>176,565</b>                           | <b>179,675</b>                           |
| <b>Net assets</b>                             | <b>157,019</b>              | <b>157,631</b>                         | <b>159,491</b>                           | <b>161,351</b>                           | <b>163,210</b>                           |
| <b>EQUITY<sup>2</sup></b>                     |                             |  |  |  |  |
| <b>Parent entity interest</b>                 |                             |  |  |  |  |
| Contributed equity                            | 96,825                      | 96,225                                 | 96,225                                   | 96,225                                   | 96,225                                   |
| Reserves                                      | 3,746                       | 3,746                                  | 3,746                                    | 3,746                                    | 3,746                                    |
| Retained surpluses or<br>accumulated deficits | 56,448                      | 57,660                                 | 59,520                                   | 61,380                                   | 63,239                                   |
| <b>Total equity</b>                           | <b>157,019</b>              | <b>157,631</b>                         | <b>159,491</b>                           | <b>161,351</b>                           | <b>163,210</b>                           |
| <b>Current assets</b>                         | <b>249,716</b>              | <b>251,040</b>                         | <b>267,389</b>                           | <b>269,978</b>                           | <b>289,736</b>                           |
| <b>Non-current assets</b>                     | <b>85,414</b>               | <b>83,554</b>                          | <b>68,084</b>                            | <b>67,938</b>                            | <b>53,149</b>                            |
| <b>Current liabilities</b>                    | <b>126,638</b>              | <b>128,225</b>                         | <b>128,326</b>                           | <b>129,803</b>                           | <b>132,900</b>                           |
| <b>Non-current liabilities</b>                | <b>51,473</b>               | <b>48,738</b>                          | <b>47,656</b>                            | <b>46,762</b>                            | <b>46,775</b>                            |

Prepared on Australian Accounting Standards basis.

<sup>1</sup> Accrued salaries, accrued superannuation and separations and redundancies were reported as employee provisions in the 2009-10 PBS. In the 2008-09 annual financial statements, which were produced after the 2009-10 PBS, these items were reported as other payables, as required by the Finance Minister's Orders. The comparatives have been adjusted accordingly.

<sup>2</sup> 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.2.3: Budgeted departmental statement of cash flows (as at 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Goods and services   | 206,216                     | 206,135                                | 198,784                                  | 198,151                                  | 198,180                                  |
| Appropriations   | 483,209                     | 552,244                                | 506,304                                  | 493,669                                  | 478,456                                  |
| GST received   | 2,250                       | 47,996                                 | 44,751                                   | 45,531                                   | 44,505                                   |
| Other  | 3,841                       | 500                                    | 500                                      | 500                                      | 500                                      |
| <b>Total cash received</b>                                 | <b>695,516</b>              | <b>806,875</b>                         | <b>750,339</b>                           | <b>737,851</b>                           | <b>721,641</b>                           |
| <b>Cash used</b>   |                             |  |  |  |  |
| Employees  | 415,779                     | 466,925                                | 440,918                                  | 418,412                                  | 415,349                                  |
| Suppliers  | 246,250                     | 264,767                                | 248,197                                  | 241,489                                  | 246,444                                  |
| GST paid   | -                           | 48,107                                 | 44,751                                   | 45,531                                   | 44,505                                   |
| Other  | 359                         | 1,189                                  | 1,189                                    | 1,189                                    | 1,389                                    |
| <b>Total cash used</b>                                     | <b>662,388</b>              | <b>780,988</b>                         | <b>735,055</b>                           | <b>706,621</b>                           | <b>707,687</b>                           |
| <b>Net cash from or (used by)<br/>operating activities</b> | <b>33,128</b>               | <b>25,887</b>                          | <b>15,284</b>                            | <b>31,230</b>                            | <b>13,954</b>                            |
| <b>INVESTING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Proceeds from sales of property,<br>plant and equipment    | 58                          | -                                      | -  | -  | -  |
| <b>Total cash received</b>                                 | <b>58</b>                   | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>   |                             |  |  |  |  |
| Purchase of property, plant<br>and equipment               | 30,932                      | 29,427                                 | 15,343                                   | 29,623                                   | 12,461                                   |
| Cash to the Official Public Account                        | 14,400                      | -                                      | -  | -  | -  |
| <b>Total cash used</b>                                     | <b>45,332</b>               | <b>29,427</b>                          | <b>15,343</b>                            | <b>29,623</b>                            | <b>12,461</b>                            |
| <b>Net cash from or (used by)<br/>investing activities</b> | <b>(45,274)</b>             | <b>(29,427)</b>                        | <b>(15,343)</b>                          | <b>(29,623)</b>                          | <b>(12,461)</b>                          |
| <b>FINANCING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Appropriations - contributed equity                        | 7,164                       | -                                      | -  | -  | -  |
| <b>Total cash received</b>                                 | <b>7,164</b>                | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net cash from or (used by)<br/>financing activities</b> | <b>7,164</b>                | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net increase or (decrease)<br/>in cash held</b>         | <b>(4,982)</b>              | <b>(3,540)</b>                         | <b>(59)</b>                              | <b>1,607</b>                             | <b>1,493</b>                             |
| Cash at the beginning of<br>the reporting period           | 12,172                      | 7,190                                  | 3,650                                    | 3,591                                    | 5,198                                    |
| <b>Cash at the end of the<br/>reporting period</b>         | <b>7,190</b>                | <b>3,650</b>                           | <b>3,591</b>                             | <b>5,198</b>                             | <b>6,691</b>                             |

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)**

|  | Retained<br>earnings<br>\$'000 | Asset<br>revaluation<br>reserve<br>\$'000 | Other<br>reserves<br>\$'000 | Contributed<br>equity/<br>capital<br>\$'000 | Total<br>equity<br>\$'000 |
|--|--------------------------------|---|-----------------------------|---|---------------------------|
| <b>Opening balance as at 1 July 2009</b>                           |                                |   |                             |   |                           |
| Balance carried forward from<br>previous period                    | 56,448                         | 3,746                                     | -                           | 96,825                                      | 157,019                   |
| <b>Adjusted opening balance</b>                                    | <b>56,448</b>                  | <b>3,746</b>                              | <b>-</b>                    | <b>96,825</b>                               | <b>157,019</b>            |
| Surplus (deficit) for the period                                   | 1,212                          |   |                             |   | 1,212                     |
| <b>Total income and expenses<br/>recognised directly in equity</b> | <b>1,212</b>                   | <b>-</b>                                  | <b>-</b>                    | <b>-</b>                                    | <b>1,212</b>              |
| <b>Transactions with owners</b>                                    |                                |   |                             |   |                           |
| <i>Distribution to owners</i>                                      |                                |   |                             |   |                           |
| Returns of capital   |                                |   |                             |   |                           |
| Restructuring  | -                              | -   | -                           | (600)                                       | (600)                     |
| <b>Sub-total transactions with owners</b>                          | <b>-</b>                       | <b>-</b>                                  | <b>-</b>                    | <b>(600)</b>                                | <b>(600)</b>              |
| <b>Estimated closing balance<br/>as at 30 June 2010</b>            | <b>57,660</b>                  | <b>3,746</b>                              | <b>-</b>                    | <b>96,225</b>                               | <b>157,631</b>            |

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Capital Budget Statement - Departmental**

|  | Actual        | Revised       | Forward       | Forward       | Forward       |
|--|---------------|---------------|---------------|---------------|---------------|
|  | 2008-09       | budget        | estimate      | estimate      | estimate      |
|  | \$'000        | 2009-10       | 2010-11       | 2011-12       | 2012-13       |
|  |               | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>CAPITAL APPROPRIATIONS</b>                              |               |               |               |               |               |
| Total equity injections                                    | 1,835         | -             | -             | -             | -             |
| Previous Years' outputs                                    | 5,329         | 7,779         | -             | -             | -             |
| <b>Total capital appropriations</b>                        | <b>7,164</b>  | <b>7,779</b>  | -             | -             | -             |
| <b>Represented by:</b>                                     |               |               |               |               |               |
| Purchase of non-financial assets                           | 1,835         | -             | -             | -             | -             |
| Other  | 5,329         | 7,779         | -             | -             | -             |
| <b>Total represented by</b>                                | <b>7,164</b>  | <b>7,779</b>  | -             | -             | -             |
| <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                 |               |               |               |               |               |
| Funded by capital appropriations                           | 1,835         | -             | -             | -             | -             |
| Funded internally from departmental resources <sup>1</sup> | 25,652        | 29,427        | 15,343        | 29,623        | 12,461        |
| <b>TOTAL</b>   | <b>27,487</b> | <b>29,427</b> | <b>15,343</b> | <b>29,623</b> | <b>12,461</b> |

Prepared on Australian Accounting Standards basis.

<sup>1</sup> Includes the following sources of funding:

- annual and prior year appropriations
- finance leases
- internally developed assets
- s31 relevant agency receipts
- proceeds from the sale of assets

**Table 3.2.6: Statement of Asset Movements (2009-10)**

|  | Land         | Buildings     | Other<br>infrastructure,<br>plant and<br>equipment | Intangibles   | Total         |
|--|--------------|---------------|--|---------------|---------------|
|  | \$'000       | \$'000        | \$'000   | \$'000        | \$'000        |
| <b>As at 1 July 2009</b>   |              |               |  |               |               |
| Gross book value   | 1,500        | 55,930        | 22,456   | 60,498        | 140,384       |
| Accumulated depreciation/amortisation  | -            | (15,106)      | (13,061)   | (26,826)      | (54,993)      |
| <b>Opening net book balance</b>  | <b>1,500</b> | <b>40,824</b> | <b>9,395</b>                                       | <b>33,672</b> | <b>85,391</b> |
| <b>CAPITAL ASSET ADDITIONS</b>   |              |               |  |               |               |
| <b>Estimated expenditure on<br/>new or replacement assets</b>                        |              |               |  |               |               |
| By purchase or internally developed  | -            | 17,137        | 3,480  | 8,810         | 29,427        |
| <b>Acquisition of entities or operations<br/>(including restructuring) sub-total</b> | <b>-</b>     | <b>17,137</b> | <b>3,480</b>                                       | <b>8,810</b>  | <b>29,427</b> |
| <b>Other movements</b>   |              |               |  |               |               |
| Depreciation/amortisation expense  | -            | (12,251)      | (4,112)  | (14,901)      | (31,264)      |
| <b>As at 30 June 2010</b>  |              |               |  |               |               |
| Gross book value   | 1,500        | 73,067        | 25,936   | 69,308        | 169,811       |
| Accumulated depreciation/amortisation  | -            | (27,357)      | (17,173)   | (41,727)      | (86,257)      |
| <b>Closing net book balance</b>  | <b>1,500</b> | <b>45,710</b> | <b>8,763</b>                                       | <b>27,581</b> | <b>83,554</b> |

Prepared on Australian Accounting Standards basis.

**Note:** The numbers in this table are subject to review under the Government's net cash framework as part of the Operation Sunlight review.

**Table 3.2.7: Capital Budget Statement - Reconciliation of Heritage and Cultural Asset Funding**

The Department of Human Services receives no funding for heritage and cultural assets.



**Schedule of administered activity**

**Table 3.2.8: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>         |                             |  |  |  |  |
| <b>Revenue</b>   |                             |  |  |  |  |
| <b>Taxation</b>  |                             |  |  |  |  |
| Other taxes, fees and fines                                | 59,859                      | 61,002                                 | 63,334                                   | 65,533                                   | 67,613                                   |
| <b>Total taxation</b>                                      | <b>59,859</b>               | <b>61,002</b>                          | <b>63,334</b>                            | <b>65,533</b>                            | <b>67,613</b>                            |
| <b>Non-taxation</b>  |                             |  |  |  |  |
| Dividends  | 44,646                      | 9,588                                  | 11,040                                   | 12,823                                   | 3,960                                    |
| Other sources of non-taxation revenues                     | 1,131,932                   | 1,220,037                              | 1,266,670                                | 1,310,653                                | 1,352,268                                |
| <b>Total non-taxation</b>                                  | <b>1,176,578</b>            | <b>1,229,625</b>                       | <b>1,277,710</b>                         | <b>1,323,476</b>                         | <b>1,356,228</b>                         |
| <b>Total revenues administered on behalf of government</b> | <b>1,236,437</b>            | <b>1,290,627</b>                       | <b>1,341,044</b>                         | <b>1,389,009</b>                         | <b>1,423,841</b>                         |
| <b>Total income administered on behalf of government</b>   | <b>1,236,437</b>            | <b>1,290,627</b>                       | <b>1,341,044</b>                         | <b>1,389,009</b>                         | <b>1,423,841</b>                         |
| <b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>       |                             |  |  |  |  |
| Suppliers  | 160,355                     | 3,966                                  | 4,846                                    | 5,006                                    | 5,006                                    |
| Depreciation and amortisation                              | -                           | -                                      | 53                                       | 53                                       | 54                                       |
| Write down and impairment of assets                        | 85,836                      | 62,081                                 | 61,111                                   | 61,968                                   | 62,631                                   |
| Other  | 1,093,607                   | 1,215,083                              | 1,263,613                                | 1,308,755                                | 1,351,615                                |
| <b>Total expenses administered on behalf of government</b> | <b>1,339,798</b>            | <b>1,281,130</b>                       | <b>1,329,623</b>                         | <b>1,375,782</b>                         | <b>1,419,306</b>                         |

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>            |                             |  |  |  |  |
| <b>Financial assets</b>                                       |                             |  |  |  |  |
| Cash and cash equivalents                                     | 48                          | 48                                     | 48                                       | 48                                       | 48                                       |
| Receivables   | 592,937                     | 572,803                                | 578,086                                  | 581,899                                  | 582,396                                  |
| Taxation receivables  | 6,417                       | 6,978                                  | 7,561                                    | 8,164                                    | 8,786                                    |
| Investments   | 27,002                      | 27,002                                 | 27,002                                   | 27,002                                   | 27,002                                   |
| <b>Total financial assets</b>                                 | <b>626,404</b>              | <b>606,831</b>                         | <b>612,697</b>                           | <b>617,113</b>                           | <b>618,232</b>                           |
| <b>Non-financial assets</b>                                   |                             |  |  |  |  |
| Infrastructure, plant and equipment                           | -                           | -                                      | 107                                      | 54                                       | -  |
| <b>Total non-financial assets</b>                             | <b>-</b>                    | <b>-</b>                               | <b>107</b>                               | <b>54</b>                                | <b>-</b>                                 |
| <b>Total assets administered on behalf of government</b>      | <b>626,404</b>              | <b>606,831</b>                         | <b>612,804</b>                           | <b>617,167</b>                           | <b>618,232</b>                           |
| <b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>       |                             |  |  |  |  |
| <b>Provisions</b>   |                             |  |  |  |  |
| Other provisions  | 549,945                     | 557,191                                | 560,467                                  | 562,501                                  | 563,200                                  |
| <b>Total provisions</b>                                       | <b>549,945</b>              | <b>557,191</b>                         | <b>560,467</b>                           | <b>562,501</b>                           | <b>563,200</b>                           |
| <b>Payables</b>   |                             |  |  |  |  |
| Suppliers   | 28,661                      | 28,661                                 | 28,661                                   | 28,661                                   | 28,661                                   |
| Other payables  | 27,735                      | 27,735                                 | 27,735                                   | 27,735                                   | 27,735                                   |
| <b>Total payables</b>   | <b>56,396</b>               | <b>56,396</b>                          | <b>56,396</b>                            | <b>56,396</b>                            | <b>56,396</b>                            |
| <b>Total liabilities administered on behalf of government</b> | <b>606,341</b>              | <b>613,587</b>                         | <b>616,863</b>                           | <b>618,897</b>                           | <b>619,596</b>                           |

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of budgeted administered cash flows (for the period ended 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                               |                             |  |  |  |  |
| <b>Cash received</b>                                      |                             |  |  |  |  |
| Penalties   | 10,283                      | 4,880                                  | 5,067                                    | 5,243                                    | 5,409                                    |
| Dividends   | 18,283                      | 36,670                                 | 9,986                                    | 12,034                                   | 5,185                                    |
| GST received  | 14,459                      | 397                                    | 501                                      | 501                                      | 501                                      |
| Other   | 1,064,513                   | 1,206,569                              | 1,259,014                                | 1,305,348                                | 1,349,497                                |
| <b>Total cash received</b>                                | <b>1,107,538</b>            | <b>1,248,516</b>                       | <b>1,274,568</b>                         | <b>1,323,126</b>                         | <b>1,360,592</b>                         |
| <b>Cash used</b>  |                             |  |  |  |  |
| Suppliers   | 162,389                     | 3,966                                  | 4,846                                    | 5,006                                    | 5,006                                    |
| GST paid  | 16,189                      | 397                                    | 501                                      | 501                                      | 501                                      |
| Other   | 1,060,382                   | 1,207,837                              | 1,260,337                                | 1,306,721                                | 1,350,916                                |
| <b>Total cash used</b>                                    | <b>1,238,960</b>            | <b>1,212,200</b>                       | <b>1,265,684</b>                         | <b>1,312,228</b>                         | <b>1,356,423</b>                         |
| <b>Net cash from or (used by) operating activities</b>    | <b>(131,422)</b>            | <b>36,316</b>                          | <b>8,884</b>                             | <b>10,898</b>                            | <b>4,169</b>                             |
| <b>INVESTING ACTIVITIES</b>                               |                             |  |  |  |  |
| <b>Cash used</b>  |                             |  |  |  |  |
| Purchase of property, plant and equipment and intangibles | -                           | -                                      | 160                                      | -  | -  |
| <b>Total cash used</b>                                    | <b>-</b>                    | <b>-</b>                               | <b>160</b>                               | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net cash from or (used by) investing activities</b>    | <b>-</b>                    | <b>-</b>                               | <b>(160)</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net increase or (decrease) in cash held</b>            | <b>(131,422)</b>            | <b>36,316</b>                          | <b>8,724</b>                             | <b>10,898</b>                            | <b>4,169</b>                             |
| Cash at beginning of reporting period                     | 3                           | 48                                     | 48                                       | 48                                       | 48                                       |
| Cash from Official Public Account for:                    |                             |  |  |  |  |
| - appropriations  | 251,008                     | 92,742                                 | 97,640                                   | 101,051                                  | 104,298                                  |
| - special accounts  | 987,952                     | 1,119,061                              | 1,167,703                                | 1,210,676                                | 1,251,624                                |
| Cash to Official Public Account for:                      |                             |  |  |  |  |
| - administered revenue                                    | 28,566                      | 41,550                                 | 15,053                                   | 17,277                                   | 10,594                                   |
| - appropriations  | 88,864                      | 87,508                                 | 91,311                                   | 94,672                                   | 97,873                                   |
| - special accounts  | 990,063                     | 1,119,061                              | 1,167,703                                | 1,210,676                                | 1,251,624                                |
| <b>Cash at end of reporting period</b>                    | <b>48</b>                   | <b>48</b>                              | <b>48</b>                                | <b>48</b>                                | <b>48</b>                                |

Prepared on Australian Accounting Standards basis.

**Table 3.2.11: Schedule of Administered Capital Budget**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>CAPITAL APPROPRIATIONS</b>                              |                             |  |  |  |  |
| Administered assets  | -                           | -                                      | 160                                      | -  | -  |
| <b>Total capital appropriations</b>                        | -                           | -                                      | <b>160</b>                               | -  | -  |
| <b>Represented by:</b>                                     |                             |  |  |  |  |
| Purchase of non-financial assets                           | -                           | -                                      | 160                                      | -  | -  |
| Other  | -                           | -                                      | -  | -  | -  |
| <b>Total represented by</b>                                | -                           | -                                      | <b>160</b>                               | -  | -  |
| <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                 |                             |  |  |  |  |
| Funded by capital appropriations                           | -                           | -                                      | 160                                      | -  | -  |
| Funded internally from departmental resources <sup>1</sup> | -                           | -                                      | -  | -  | -  |
| <b>TOTAL</b>   | -                           | -                                      | <b>160</b>                               | -  | -  |

Prepared on Australian Accounting Standards basis.

<sup>1</sup> Includes the following sources of funding:

- annual and prior year appropriations
- finance leases
- internally developed assets
- s31 relevant agency receipts
- proceeds from the sale of assets

**Note:** The numbers in this table are subject to review under the Government's net cash framework as part of the Operation Sunlight review.

## **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;
- 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 (the Department) 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 oversights, 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).

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## CENTRELINK

### Section 1: Agency overview and resources

#### 1.1 STRATEGIC DIRECTION

Centrelink's 2009-10 Outcome Statement provides the basis for our Strategic Plan:

*Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government.*

Centrelink acts in partnership with other Commonwealth Agencies, other levels of government and the broader Australian community. Families and individuals are supported to participate economically, educationally and socially.

The Strategic Priorities reflect the direction given by the Government to the Portfolio. The Minister for Human Services, in his Statement of Expectations, articulates these priorities.

Centrelink's current Strategic Priorities are to:

- support the Minister and the Department of Human Services to improve service delivery;
- support our people to deliver the Government's Budget and other commitments;
- contribute and implement proposals to reduce red tape for our customers and providers;
- reduce fraud and non-compliance and increase payment accuracy;
- support the development of Indigenous initiatives and ensure that service delivery is sensitive and effective for Indigenous Australians;
- improve service delivery to rural and regional locations to better meet the needs of their communities;
- ensure our service delivery is convenient, accessible and suits the diverse needs of individuals and providers; and
- ensure Workforce and ITC systems capacity underpins Centrelink's ability to deliver integrated customer service in a complex and evolving environment with short and long term policy objectives.

## 1.2 AGENCY RESOURCE STATEMENT

The Agency Resource Statement details the resourcing for Centrelink at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2009-10 Budget year, including variations through Appropriation Bills No.3 and No.4, special appropriations and special accounts.

**Table 1.1: Centrelink resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009**

|  | Estimate as<br>at Budget <sup>+</sup> | Proposed<br>Additional <sup>=</sup><br>Estimates | Total<br>estimate<br>at Additional<br>Estimates | Total<br>available<br>appropriation |
|--|---------------------------------------|--|---|-------------------------------------|
|  | 2009-10<br>\$'000                     | 2009-10<br>\$'000                                | 2009-10<br>\$'000                               | 2008-09<br>\$'000                   |
| <b>Ordinary annual services<sup>1</sup></b>  |                                       |  |   |                                     |
| <b>Departmental appropriation</b>  |                                       |  |   |                                     |
| Departmental appropriation   | 2,861,143                             | 40,180   | 2,901,323                                       | 608,319                             |
| Section 31 Relevant agency receipts <sup>2</sup>   | -                                     | 620,541  | 620,541   | -                                   |
| <b>Total</b>   | <b>2,861,143</b>                      | <b>660,721</b>                                   | <b>3,521,864</b>                                | <b>608,319</b>                      |
| <b>Total ordinary annual services</b>  | <b>A 2,861,143</b>                    | <b>660,721</b>                                   | <b>3,521,864</b>                                | <b>608,319</b>                      |
| <b>Other services<sup>3</sup></b>  |                                       |  |   |                                     |
| <b>Departmental non-operating</b>  |                                       |  |   |                                     |
| Equity injections  | 8,194                                 | 9,147  | 17,341  | 3,536                               |
| Previous years' outputs  | 1,903                                 | -  | 1,903   | 106                                 |
| <b>Total</b>   | <b>10,097</b>                         | <b>9,147</b>                                     | <b>19,244</b>                                   | <b>3,642</b>                        |
| <b>Total other services</b>  | <b>B 10,097</b>                       | <b>9,147</b>                                     | <b>19,244</b>                                   | <b>3,642</b>                        |
| <b>Total available annual appropriations</b>   | <b>2,871,240</b>                      | <b>669,868</b>                                   | <b>3,541,108</b>                                | <b>611,961</b>                      |
| <b>Special appropriations</b>  |                                       |  |   |                                     |
| <b>Total special appropriations</b>  | <b>C -</b>                            | <b>-</b>   | <b>-</b>  | <b>-</b>                            |
| <b>Special accounts</b>  |                                       |  |   |                                     |
| Opening balance <sup>4</sup>   | 362,604                               | -  | 362,604   | 317,972                             |
| Appropriation receipts   | 2,871,240                             | (2,871,240)                                      | -   | 600,238                             |
| Non-appropriation receipts to<br>Special accounts <sup>5</sup>   | 172,339                               | 79,790   | 252,129   | 2,277,871                           |
| <b>Total special account</b>   | <b>D 3,406,183</b>                    | <b>(2,791,450)</b>                               | <b>614,733</b>                                  | <b>3,196,081</b>                    |
| <b>Total resourcing</b>  | <b>6,277,423</b>                      | <b>(2,121,582)</b>                               | <b>4,155,841</b>                                | <b>3,808,042</b>                    |
| A+B+C+D  |                                       |  |   |                                     |
| Less appropriations drawn from<br>annual or special appropriations above<br>and credited to special accounts | (2,871,240)                           | 2,871,240  | -   | (611,961)                           |
| Less special account funds transferred<br>to appropriations  | -                                     | (614,733)  | (614,733)                                       | -                                   |
| <b>Total net resourcing for Centrelink</b>   | <b>3,406,183</b>                      | <b>134,925</b>                                   | <b>3,541,108</b>                                | <b>3,196,081</b>                    |

<sup>1</sup> Appropriation Bills (No.1 & 3) 2009-10

<sup>2</sup> s31 Relevant agency receipts - estimate. This includes the amount transferred from the CSS Special Account (\$614.73) and the proposed additional estimates (\$5.81).

<sup>3</sup> Appropriation Bills (No.2 & 4) 2009-10

<sup>4</sup> The opening balance for the Commonwealth Social Services (CSS) Special Account has been updated with the 2008-09 actual closing figure. For further information on special accounts, refer to Table 3.1.1.

<sup>5</sup> The 'Estimate as at Budget' figure has been updated to reflect the flow on impact of the 2008-09 actual results.

Reader note: All figures are GST exclusive.

**Table 1.1: Centrelink resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009 (continued)**

**Third Party Drawdowns from and on behalf of other agencies**

|  | Estimate at<br>Budget | Estimate at<br>Additional<br>Estimates |
|--|-----------------------|--|
|  | 2009-10<br>\$'000     | 2009-10<br>\$'000                      |
| Centrelink has authority to make the following estimated payments on behalf of other agencies: <sup>1,2,3,4,5</sup><br>(disclosed in the respective agency's Resource Statement) |                       |  |
| <b>Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)</b>  |                       |  |
| A New Tax System ( <i>Family Assistance</i> ) ( <i>Administration</i> ) Act 1999   | 19,311,209            | 19,585,819                             |
| Social Security ( <i>Administration</i> ) Act 1999   | 45,466,981            | 45,778,540                             |
| Ex Gratia Payments (Annual Appropriations)   | 4,142                 | 9,498                                  |
| <b>Department of Education, Employment and Workplace Relations (DEEWR)</b>   |                       |  |
| A New Tax System ( <i>Family Assistance</i> ) ( <i>Administration</i> ) Act 1999 <sup>5</sup>  | 3,093,044             | 3,079,221                              |
| Social Security ( <i>Administration</i> ) Act 1999   | 15,038,468            | 13,948,832                             |
| Social Security Act 1991   | 2,380,398             | 2,736,830                              |
| Student Assistance Act 1973  | 235,493               | 255,215                                |
| Job Education Training Child Care Fees Assistance (Annual Appropriation)   | 53,158                | 53,158                                 |
| <b>Department of Agriculture, Fisheries and Forestry (DAFF)</b>  |                       |  |
| Farm Household Support Act 1992 (Exceptional Circumstances Relief Payment)   | 202,040               | 214,361                                |
| <b>Total</b>   | <b>85,784,933</b>     | <b>85,661,474</b>                      |
| Revenue received from other agencies for the provision of services<br>(disclosed above within the Non-Appropriation Receipts)  | 106,459               | 119,356                                |

<sup>1</sup> Centrelink's arrangements with the above agencies (i.e. FaHCSIA, DEEWR, DAFF) include the delivery of payments to customers.

<sup>2</sup> Centrelink has no drawdown access to the above agencies' Administered appropriations that are required to be drawn and paid to customers.

<sup>3</sup> The respective agencies are responsible for the policy, estimates and reporting of these Administered appropriations.

<sup>4</sup> The figures disclosed above are based on the estimates provided to Centrelink by the respective agencies.

<sup>5</sup> The figures disclosed above include Child Care Benefit program appropriation amounting to \$1,987.88m, which both Centrelink and DEEWR pay out to customers on behalf of DEEWR.

### 1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new government measures taken since the 2009-10 Budget. The table is split into expense and capital measures, with the affected program identified.

**Table 1.2: Agency Measures since Budget**

|  | Program | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 | 2012-13<br>\$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|
| <b>Expense measures</b>  |         |                   |                   |                   |                   |
| <b>Department of Families, Housing, Community Services and Indigenous Affairs</b>              |         |                   |                   |                   |                   |
| Social Security Agreement - Australia and the Former Yugoslav Republic of Macedonia            | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | -                 | 2,922             | 316               | 321               |
| A New Scheme of Income Management  | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | 5,229             | 82,804            | 76,012            | 69,738            |
| <b>Department of Education, Employment and Workplace Relations</b>                             |         |                   |                   |                   |                   |
| Economic Stimulus Plan Recalibration - Keep Australia Working - Job Expos for Priority Regions | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | 4,070             | -                 | -                 | -                 |
| Jobs and Skills for a Low Pollution Future - National Green Jobs Corps                         | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | 1,987             | 469               | 363               | -                 |
| <b>Department of Agriculture, Fisheries and Forestry</b>                                       |         |                   |                   |                   |                   |
| Drought assistance   |         |                   |                   |                   |                   |
| - Exceptional Circumstances assistance for primary producers                                   | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | 526               | 58                | -                 | -                 |
| - Exceptional Circumstances assistance for small businesses                                    | 1.1     |                   |                   |                   |                   |
| Departmental expenses  |         | 8                 | 1                 | -                 | -                 |

Prepared on a Government Financial Statistics (fiscal) basis

**Table 1.2: Agency Measures since Budget (continued)**

|   | Program | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 | 2012-13<br>\$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| <b>Expense measures</b>   |         |                   |                   |                   |                   |
| <b>Department of Human Services</b>   |         |                   |                   |                   |                   |
| Centrelink efficiencies - reduction in paper-based claims and correspondence      | 1.1     |                   |                   |                   |                   |
| Departmental expenses   |         | 12,413            | (42,980)          | (50,135)          | (57,247)          |
| Fraud and compliance - increased compliance activity                              | 1.1     |                   |                   |                   |                   |
| Departmental expenses   |         | 2,307             | 5,280             | 2,821             | (308)             |
| Human Services delivery research - reduction in scope                             | 1.1     |                   |                   |                   |                   |
| Departmental expenses   |         | (1,000)           | (1,009)           | (1,020)           | -                 |
| Job seeker contacts with Centrelink - streamlined arrangements                    | 1.1     |                   |                   |                   |                   |
| Departmental expenses   |         | 14,526            | (36,073)          | (36,631)          | (36,986)          |
| <b>Total expense measures</b>   |         |                   |                   |                   |                   |
| Departmental expenses   |         | <b>40,066</b>     | <b>11,472</b>     | <b>(8,274)</b>    | <b>(24,482)</b>   |
| <b>Capital measures</b>   |         |                   |                   |                   |                   |
| <b>Department of Families, Housing, Community Services and Indigenous Affairs</b> |         |                   |                   |                   |                   |
| A New Scheme of Income Management   | 1.1     |                   |                   |                   |                   |
| Departmental capital  |         | 2,547             | 1,870             | -                 | -                 |
| <b>Department of Human Services</b>   |         |                   |                   |                   |                   |
| Centrelink efficiencies - reduction in paper-based claims and correspondence      | 1.1     |                   |                   |                   |                   |
| Departmental capital  |         | 6,600             | -                 | -                 | -                 |
| <b>Total capital measures</b>   |         |                   |                   |                   |                   |
| Departmental capital  |         | <b>9,147</b>      | <b>1,870</b>      | -                 | -                 |

Prepared on a Government Financial Statistics (fiscal) basis

**Note:** The lead agency for each measure is included in the Table above. The full measure description and package details appear in the Mid-Year Economic and Fiscal Outlook under the relevant portfolio, with the exception of the measure "A New Scheme of Income Management".

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for Centrelink at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2009-10 Budget in Appropriation Bills No.3 and No.4. Table 1.4 details Additional Estimates or variations through other factors, such as parameter adjustments.

**Table 1.3: Additional estimates and variations to outcomes from measures since 2009-10 Budget**

|  | Program impacted | 2009-10 (\$'000) | 2010-11 (\$'000) | 2011-12 (\$'000) | 2012-13 (\$'000) |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Outcome 1</b>   |                  |                  |                  |                  |                  |
| Increase in estimates (departmental)   |                  |                  |                  |                  |                  |
| Social Security Agreement - Australia and the Former Yugoslav Republic of Macedonia            | 1.1              | -                | 2,922            | 316              | 321              |
| A New Scheme of Income Management  | 1.1              | 5,229            | 82,804           | 76,012           | 69,738           |
| Economic Stimulus Plan Recalibration - Keep Australia Working - Job Expos for Priority Regions | 1.1              | 4,070            | -                | -                | -                |
| Jobs and Skills for a Low Pollution Future - National Green Jobs Corps                         | 1.1              | 1,987            | 469              | 363              | -                |
| Drought assistance   |                  |                  |                  |                  |                  |
| - Exceptional Circumstances assistance for primary producers                                   | 1.1              | 526              | 58               | -                | -                |
| - Exceptional Circumstances assistance for small businesses                                    | 1.1              | 8                | 1                | -                | -                |
| Centrelink efficiencies - reduction in paper-based claims and correspondence                   | 1.1              | 12,413           | -                | -                | -                |
| Fraud and compliance - increased compliance activity   | 1.1              | 2,307            | 5,280            | 2,821            | -                |
| Job seeker contacts with Centrelink - streamlined arrangements                                 | 1.1              | 14,526           | -                | -                | -                |

**Table 1.3: Additional estimates and variations to outcomes from measures since 2009-10 Budget (continued)**

|  | Program impacted | 2009-10<br>(\$'000) | 2010-11<br>(\$'000) | 2011-12<br>(\$'000) | 2012-13<br>(\$'000) |
|--|------------------|---------------------|---------------------|---------------------|---------------------|
| Decrease in estimates (departmental)   |                  |                     |                     |                     |                     |
| Centrelink efficiencies - reduction in paper-based claims and correspondence | 1.1              | -                   | (42,980)            | (50,135)            | (57,247)            |
| Fraud and compliance - increased compliance activity                         | 1.1              | -                   | -                   | -                   | (308)               |
| Human Services delivery research - reduction in scope                        | 1.1              | (1,000)             | (1,009)             | (1,020)             | -                   |
| Job seeker contacts with Centrelink - streamlined arrangements               | 1.1              | -                   | (36,073)            | (36,631)            | (36,986)            |
| <b>Net impact on estimates for Outcome 1 (departmental)</b>                  |                  | <b>40,066</b>       | <b>11,472</b>       | <b>(8,274)</b>      | <b>(24,482)</b>     |

**Table 1.4: Additional estimates and variations to outcomes from other variations**

|   | Program<br>impacted | 2009-10<br>(\$'000) | 2010-11<br>(\$'000) | 2011-12<br>(\$'000) | 2012-13<br>(\$'000) |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Outcome 1</b>  |                     |                     |                     |                     |                     |
| Increase in estimates (departmental)                            |                     |                     |                     |                     |                     |
| Drought assistance  |                     |                     |                     |                     |                     |
| - Exceptional Circumstances<br>assistance for primary producers | 1.1                 | 113                 | -                   | -                   | -                   |
| - Exceptional Circumstances<br>assistance for small businesses  | 1.1                 | 1                   | -                   | -                   | -                   |
| Decrease in estimates (departmental)                            |                     |                     |                     |                     |                     |
| Gershon Review - Phase 2  | 1.1                 | -                   | (23,646)            | (23,925)            | (24,207)            |
| Changes in the wage and price indices                           | 1.1                 | -                   | (10,028)            | (16,987)            | (19,128)            |
| <b>Net impact on estimates for Outcome<br/>1 (departmental)</b> |                     | <b>114</b>          | <b>(33,674)</b>     | <b>(40,912)</b>     | <b>(43,335)</b>     |



## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for Centrelink through Appropriation Bills No.3 and No.4.

**Table 1.5: Appropriation Bill (No. 3) 2009-10**

|  | 2008-09<br>Available<br>(\$'000) | 2009-10<br>Budget<br>(\$'000) | 2009-10<br>Revised<br>(\$'000) | Additional<br>Estimates<br>(\$'000) | Reduced<br>Estimates<br>(\$'000) |
|--|----------------------------------|-------------------------------|--------------------------------|-------------------------------------|----------------------------------|
| <b>DEPARTMENTAL PROGRAMS</b>   |                                  |                               |                                |                                     |                                  |
| <b>Outcome 1</b>   |                                  |                               |                                |                                     |                                  |
| Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government | 608,319                          | 2,861,143                     | 2,901,323                      | 40,180                              | -                                |
| <b>Total</b>   | <b>608,319</b>                   | <b>2,861,143</b>              | <b>2,901,323</b>               | <b>40,180</b>                       | <b>-</b>                         |
| <b>Total administered and departmental</b>   | <b>608,319</b>                   | <b>2,861,143</b>              | <b>2,901,323</b>               | <b>40,180</b>                       | <b>-</b>                         |

**NOTE:** The net addition in Centrelink's direct appropriation of \$40.18m is made up of:

- *Job seeker contacts with Centrelink - streamlined arrangements:* \$14.52m
- *Centrelink efficiencies - reduction in paper based claims and correspondence:* \$12.41m
- *Economic Stimulus Plan Recalibration - Keep Australia Working - Job Expos for Priority Regions:* \$4.07m
- *Fraud and compliance - increased compliance activity:* \$2.31m
- *Jobs and Skills for a Low Pollution Future - National Green Jobs Corps:* \$1.99m
- *Drought assistance - Exceptional Circumstances assistance:* \$0.65m
- *Human Services delivery research - reduction in scope:* -\$1.0m

*Agency Additional Estimates Statements - Centrelink*

**Table 1.6: Appropriation Bill (No. 4) 2009-10**

|                            | 2008-09<br>Available<br>(\$'000) | 2009-10<br>Budget<br>(\$'000) | 2009-10<br>Revised<br>(\$'000) | Additional<br>Estimates<br>(\$'000) | Reduced<br>Estimates<br>(\$'000) |
|----------------------------|----------------------------------|-------------------------------|--------------------------------|-------------------------------------|----------------------------------|
| <b>Non-operating</b>       |                                  |                               |                                |                                     |                                  |
| Equity injections          | 3,536                            | 8,194                         | 17,341                         | 9,147                               | -                                |
| Previous years' outputs    | 106                              | 1,903                         | 1,903                          | -                                   | -                                |
| <b>Total non-operating</b> | <b>3,642</b>                     | <b>10,097</b>                 | <b>19,244</b>                  | <b>9,147</b>                        | -                                |
| <b>Total</b>               | <b>3,642</b>                     | <b>10,097</b>                 | <b>19,244</b>                  | <b>9,147</b>                        | -                                |

**Note:** The addition in Centrelink's equity injection of \$9.15m is made up of:

- *reduction in paper-based claims and correspondence:* \$6.60m
- *a new scheme of Income Management:* \$2.55m

## Section 2: Revisions to agency resources and planned performance

### 2.1 RESOURCES AND PERFORMANCE INFORMATION

No changes have been made to Centrelink's Outcome Structure and Program. Complete details of Centrelink's Outcome and Performance Information can be found in 2009-10 Human Services Portfolio Budget Statements.

#### Outcome 1 Budgeted Expenses and Resources

Table 2.1 provides an overview of the total expenses for outcome 1, by program.

**Table 2.1 Budgeted Expenses and Resources for Outcome 1**

| <b>Outcome 1: Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government</b> | 2008-09<br>Actual<br>expenses<br>\$'000 | 2009-10<br>Revised<br>estimated<br>expenses<br>\$'000 |
|--|---|---|
| <b>Program 1.1: Service Delivery</b>   |   |   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 608,319                                 | 2,901,323   |
| Revenues from independent sources (section 31)   | -                                       | 116,591   |
| Special accounts   | 2,210,393                               | -   |
| Expenses not requiring appropriation in the Budget year  | 5,530                                   | 5,500   |
| <b>Total for Program 1.1</b>   | <b>2,824,242</b>                        | <b>3,023,414</b>                                      |
| <b>Outcome 1 Totals by appropriation type</b>  |   |   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 608,319                                 | 2,901,323   |
| Revenues from independent sources (section 31)   | -                                       | 116,591   |
| Special accounts   | 2,210,393                               | -   |
| Expenses not requiring appropriation in the Budget year  | 5,530                                   | 5,500   |
| <b>Total expenses for Outcome 1</b>  | <b>2,824,242</b>                        | <b>3,023,414</b>                                      |
|  | 2008-09                                 | 2009-10   |
| <b>Average Staffing Level (number)</b>   | <b>24,490</b>                           | <b>25,670</b>   |

**Note:** Departmental Appropriation splits and totals are indicative estimates and may change in the course of the budget year, as government priorities change.

*Agency Additional Estimates Statements - Centrelink*

**Program Expenses 1.1**

|  | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|--|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (‘000)   |                    |                              |                              |                              |                              |
| Annual departmental expenses:                              |                    |                              |                              |                              |                              |
| Departmental item  | 2,818,712          | 3,017,914                    | 2,799,658                    | 2,684,806                    | 2,606,722                    |
| Expenses not requiring appropriation in the<br>Budget year | 5,530              | 5,500                        | 5,500                        | 5,500                        | 5,500                        |
| <b>Total program expenses</b>                              | <b>2,824,242</b>   | <b>3,023,414</b>             | <b>2,805,158</b>             | <b>2,690,306</b>             | <b>2,612,222</b>             |

## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.2 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by Centrelink. The corresponding table in the 2009-10 PB Statements is Table 3.1.2.

**Table 3.1.1: Estimates of special account flows**

|  | Opening<br>balance<br><b>2009-10</b><br>2008-09 | Receipts<br><b>2009-10</b><br>2008-09 | Payments<br><b>2009-10</b><br>2008-09 | Closing<br>balance<br><b>2009-10</b><br>2008-09 |
|--|---|---------------------------------------|---------------------------------------|---|
| Outcome  | \$'000  | \$'000                                | \$'000                                | \$'000  |
| Commonwealth Social<br>Services Special Account (D)                        | 1<br><b>362,604</b><br>317,972                  | <b>252,129</b><br>2,878,109           | <b>(614,733)</b><br>(2,833,477)       | -<br>362,604                                    |
| Commonwealth Services Delivery<br>Agency Other Trust Moneys<br>Account (T) | <b>370</b><br>433                               | <b>2,654</b><br>2,754                 | <b>(2,661)</b><br>(2,817)             | <b>363</b><br>370                               |
| <b>Total special accounts</b>  |   |                                       |                                       |   |
| <b>2009-10 Budget estimate</b>   | <b>362,974</b>                                  | <b>254,783</b>                        | <b>(617,394)</b>                      | <b>363</b>                                      |
| Total special accounts<br>2008-09 estimate actual                          | 318,405   | 2,880,863                             | (2,836,294)                           | 362,974   |

(T) = Assets held in Trust;

(D) = Departmental

**Notes:**

1. Centrelink received its departmental funding via policy agencies (e.g. Family, Housing, Community Services and Indigenous Affairs; Education, Employment and Workplace Relations, Agriculture, Fisheries and Forestry) until 30 June 2009. From 1 July 2009, Centrelink's departmental funding has been received via direct appropriation. This means the Commonwealth Social Services (CSS) Special Account is no longer required, ie zero closing balance in the table above. The remaining balance of the CSSSA is being reported under Section 31 relevant agency receipts.

2. The actuals for 2008-09 have been updated to reflect the final budget outcome for that year.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Analysis of budgeted financial statements**

The significant differences between resource information presented in the Budget Papers and Portfolio Additional Estimates Statements are the result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS).

These differences mainly comprise of:

- 2008-09 Unearned Revenue recognised in 2009-10 in the Comprehensive Income Statement (AAS);
- GST cash receipts included in the Agency Resource Statement (GFS); and
- Resources Received Free of Charge (AAS).

### **3.2.2 Budgeted financial statements**

#### **Departmental financial statements**

##### **Budgeted departmental comprehensive income statement**

Centrelink is estimating a break-even operating result for 2009-10 and for the forward years.

The total income for 2009-10 is estimated to increase by \$150.84 million from the 2008-09 actual income of \$2,872.58 million, primarily due to increases in funding from the 2009-10 Budget Estimates and 2009-10 Additional Estimates initiatives.

The 2009-10 expense is also estimated to increase by \$199.17 million from the 2008-09 financial year. While this represents a \$48.33 million increase in expenditure over revenue, 2008-09 actual expenses were lower than 2008-09 revenue mainly due to the delay in the finalisation of Centrelink's Agreement 2009-2011.

##### **Budgeted departmental balance sheet**

Centrelink's budgeted net asset position of \$325.38 million represents an increase of \$17.34 million from the 30 June 2009 actual position. The increase is mainly due to capital injections to be received in 2009-10 to fund capital works relating to certain budget measures.

The 2009-10 total assets are expected to increase by \$7.84 million, mainly reflecting an anticipated increase in trade and other receivables, cash and equivalents, and prepayments of \$59.68 million, offset by a net decrease in fixed assets of \$51.84 million.

*Agency Additional Estimates Statements - Centrelink*

Centrelink's total liabilities are estimated to decrease by approximately \$9.51 million in 2009-10 due to a decrease in Unearned Revenue (-\$26.83m), which are offset by increase in employee provisions (\$10.41m), supplier payables (\$1.52m), other payables (\$4.03m) and other provisions (\$1.37m). The primary liability continues to be accrued employee leave entitlements.

**Table 3.2.1: Budgeted departmental Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>EXPENSES</b>   |                             |  |  |  |  |
| Employee benefits   | 1,774,663                   | 1,943,008                              | 1,830,646                                | 1,749,081                                | 1,685,592                                |
| Supplier  | 878,983                     | 910,559                                | 826,556                                  | 798,650                                  | 808,064                                  |
| Depreciation and amortisation   | 165,066                     | 164,347                                | 142,456                                  | 137,075                                  | 113,066                                  |
| Write-down and impairment of assets   | 5,530                       | 5,500                                  | 5,500                                    | 5,500                                    | 5,500                                    |
| <b>Total expenses</b>   | <b>2,824,242</b>            | <b>3,023,414</b>                       | <b>2,805,158</b>                         | <b>2,690,306</b>                         | <b>2,612,222</b>                         |
| <b>LESS:</b>  |                             |  |  |  |  |
| <b>OWN-SOURCE INCOME</b>  |                             |  |  |  |  |
| <b>Revenue</b>  |                             |  |  |  |  |
| Sale of goods and rendering of services                                     | 2,259,669                   | 119,356                                | 88,737                                   | 87,796                                   | 87,751                                   |
| <b>Total revenue</b>  | <b>2,259,669</b>            | <b>119,356</b>                         | <b>88,737</b>                            | <b>87,796</b>                            | <b>87,751</b>                            |
| <b>Gains</b>  |                             |  |  |  |  |
| Sale of assets  | 5                           | -                                      | -  | -  | -  |
| Other gains   | 2,681                       | 2,735                                  | 2,789                                    | 2,845                                    | 2,902                                    |
| <b>Total gains</b>  | <b>2,686</b>                | <b>2,735</b>                           | <b>2,789</b>                             | <b>2,845</b>                             | <b>2,902</b>                             |
| <b>Total own-source income</b>  | <b>2,262,355</b>            | <b>122,091</b>                         | <b>91,526</b>                            | <b>90,641</b>                            | <b>90,653</b>                            |
| <b>Net cost of (contribution by) services</b>                               | <b>561,887</b>              | <b>2,901,323</b>                       | <b>2,713,632</b>                         | <b>2,599,665</b>                         | <b>2,521,569</b>                         |
| Appropriation revenue   | 610,222                     | 2,901,323                              | 2,713,632                                | 2,599,665                                | 2,521,569                                |
| <b>Surplus (Deficit)</b>  | <b>48,335</b>               | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Surplus (Deficit) attributable to the Australian Government*</b>         | <b>48,335</b>               | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income</b>   | <b>48,335</b>               | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income attributable to the Australian Government</b> | <b>48,335</b>               | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |

Prepared on Australian Accounting Standards basis



**Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS</b>                                 |                             |  |  |  |  |
| <b>Financial assets</b>                       |                             |  |  |  |  |
| Cash and equivalents                          | 14,604                      | 16,017                                 | 16,948                                   | 17,022                                   | 17,032                                   |
| Trade and other receivables                   | 450,213                     | 504,828                                | 529,232                                  | 507,740                                  | 565,887                                  |
| <b>Total financial assets</b>                 | <b>464,817</b>              | <b>520,845</b>                         | <b>546,180</b>                           | <b>524,762</b>                           | <b>582,919</b>                           |
| <b>Non-financial assets</b>                   |                             |  |  |  |  |
| Land and buildings                            | 221,169                     | 223,732                                | 214,090                                  | 206,815                                  | 201,710                                  |
| Infrastructure, plant and equipment           | 87,122                      | 62,590                                 | 65,005                                   | 62,112                                   | 36,351                                   |
| Intangibles                                   | 233,796                     | 203,924                                | 205,003                                  | 254,007                                  | 238,727                                  |
| Other (Prepayment)                            | 51,470                      | 55,119                                 | 56,549                                   | 58,020                                   | 59,532                                   |
| <b>Total non-financial assets</b>             | <b>593,557</b>              | <b>545,365</b>                         | <b>540,647</b>                           | <b>580,954</b>                           | <b>536,320</b>                           |
| <b>Total assets</b>                           | <b>1,058,374</b>            | <b>1,066,210</b>                       | <b>1,086,827</b>                         | <b>1,105,716</b>                         | <b>1,119,239</b>                         |
| <b>LIABILITIES</b>                            |                             |  |  |  |  |
| <b>Provisions</b>                             |                             |  |  |  |  |
| Employees <sup>1</sup>                        | 504,163                     | 514,575                                | 524,579                                  | 534,578                                  | 544,568                                  |
| Other   | 19,436                      | 20,801                                 | 15,779                                   | 11,619                                   | 7,427                                    |
| <b>Total provisions</b>                       | <b>523,599</b>              | <b>535,376</b>                         | <b>540,358</b>                           | <b>546,197</b>                           | <b>551,995</b>                           |
| <b>Payables</b>                               |                             |  |  |  |  |
| Suppliers                                     | 65,691                      | 67,211                                 | 68,764                                   | 70,352                                   | 71,976                                   |
| Other   | 161,046                     | 138,244                                | 145,872                                  | 157,334                                  | 163,435                                  |
| <b>Total payables</b>                         | <b>226,737</b>              | <b>205,455</b>                         | <b>214,636</b>                           | <b>227,686</b>                           | <b>235,411</b>                           |
| <b>Total liabilities</b>                      | <b>750,336</b>              | <b>740,831</b>                         | <b>754,994</b>                           | <b>773,883</b>                           | <b>787,406</b>                           |
| <b>Net assets</b>                             | <b>308,038</b>              | <b>325,379</b>                         | <b>331,833</b>                           | <b>331,833</b>                           | <b>331,833</b>                           |
| <b>EQUITY<sup>2</sup></b>                     |                             |  |  |  |  |
| <b>Parent entity interest</b>                 |                             |  |  |  |  |
| Contributed equity                            | 292,960                     | 310,301                                | 316,755                                  | 316,755                                  | 316,755                                  |
| Reserves                                      | 24,389                      | 24,389                                 | 24,389                                   | 24,389                                   | 24,389                                   |
| Retained surpluses or<br>accumulated deficits | (9,311)                     | (9,311)                                | (9,311)                                  | (9,311)                                  | (9,311)                                  |
| <b>Total parent entity interest</b>           | <b>308,038</b>              | <b>325,379</b>                         | <b>331,833</b>                           | <b>331,833</b>                           | <b>331,833</b>                           |
| <b>Total equity</b>                           | <b>308,038</b>              | <b>325,379</b>                         | <b>331,833</b>                           | <b>331,833</b>                           | <b>331,833</b>                           |
| <b>Current assets</b>                         | <b>513,526</b>              | <b>575,964</b>                         | <b>602,729</b>                           | <b>582,782</b>                           | <b>642,451</b>                           |
| <b>Non-current assets</b>                     | <b>544,848</b>              | <b>490,246</b>                         | <b>484,098</b>                           | <b>522,934</b>                           | <b>476,788</b>                           |
| <b>Current liabilities</b>                    | <b>623,146</b>              | <b>569,260</b>                         | <b>582,980</b>                           | <b>598,476</b>                           | <b>612,768</b>                           |
| <b>Non-current liabilities</b>                | <b>127,190</b>              | <b>171,571</b>                         | <b>172,014</b>                           | <b>175,407</b>                           | <b>174,638</b>                           |

<sup>1</sup>Accrued salaries, accrued superannuation and separations and redundancies were reported as employee provisions in the 2009-10 PBS. In the 2008-09 annual financial statements, which were produced after the 2009-10 PBS, these items were reported as other payables, as required by the Finance Minister's Orders. The comparatives have been adjusted accordingly.

<sup>2</sup>'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.2.3: Budgeted departmental statement of cash flows (as at 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Goods and services   | 2,197,450                   | 166,441                                | 92,221                                   | 91,272                                   | 91,219                                   |
| Appropriations   | 608,319                     | 2,903,226                              | 2,713,632                                | 2,599,665                                | 2,521,569                                |
| Net GST received   | 80,404                      | 91,496                                 | 86,623                                   | 78,626                                   | 75,406                                   |
| Cash from the Official Public Account                      | -                           | -                                      | -  | 21,909                                   | -  |
| <b>Total cash received</b>                                 | <b>2,886,173</b>            | <b>3,161,163</b>                       | <b>2,892,476</b>                         | <b>2,791,472</b>                         | <b>2,688,194</b>                         |
| <b>Cash used</b>   |                             |  |  |  |  |
| Employees  | 1,725,211                   | 1,931,993                              | 1,816,487                                | 1,734,481                                | 1,670,240                                |
| Suppliers  | 943,140                     | 1,002,675                              | 915,708                                  | 875,506                                  | 887,804                                  |
| Cash to the Official Public Account                        | 60,000                      | 124,417                                | 23,995                                   | -  | 57,722                                   |
| <b>Total cash used</b>                                     | <b>2,728,351</b>            | <b>3,059,085</b>                       | <b>2,756,190</b>                         | <b>2,609,987</b>                         | <b>2,615,766</b>                         |
| <b>Net cash from or (used by)<br/>operating activities</b> | <b>157,822</b>              | <b>102,078</b>                         | <b>136,286</b>                           | <b>181,485</b>                           | <b>72,428</b>                            |
| <b>INVESTING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Proceeds from sales of property,<br>plant and equipment    | 17                          | -                                      | -  | -  | -  |
| <b>Total cash received</b>                                 | <b>17</b>                   | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>   |                             |  |  |  |  |
| Purchase of property, plant<br>and equipment               | 112,925                     | 90,766                                 | 87,166                                   | 77,314                                   | 34,972                                   |
| Purchase of intangibles                                    | 52,201                      | 27,240                                 | 54,643                                   | 104,097                                  | 37,446                                   |
| <b>Total cash used</b>                                     | <b>165,126</b>              | <b>118,006</b>                         | <b>141,809</b>                           | <b>181,411</b>                           | <b>72,418</b>                            |
| <b>Net cash from or (used by)<br/>investing activities</b> | <b>(165,109)</b>            | <b>(118,006)</b>                       | <b>(141,809)</b>                         | <b>(181,411)</b>                         | <b>(72,418)</b>                          |
| <b>FINANCING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Appropriations - contributed equity                        | 3,642                       | 17,341                                 | 6,454                                    | -  | -  |
| <b>Total cash received</b>                                 | <b>3,642</b>                | <b>17,341</b>                          | <b>6,454</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>   |                             |  |  |  |  |
| Other  | 11,723                      | -                                      | -  | -  | -  |
| <b>Total cash used</b>                                     | <b>11,723</b>               | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net cash from or (used by)<br/>financing activities</b> | <b>(8,081)</b>              | <b>17,341</b>                          | <b>6,454</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net increase or (decrease)<br/>in cash held</b>         | <b>(15,368)</b>             | <b>1,413</b>                           | <b>931</b>                               | <b>74</b>                                | <b>10</b>                                |
| Cash at the beginning of<br>the reporting period           | 29,972                      | 14,604                                 | 16,017                                   | 16,948                                   | 17,022                                   |
| <b>Cash at the end of the<br/>reporting period</b>         | <b>14,604</b>               | <b>16,017</b>                          | <b>16,948</b>                            | <b>17,022</b>                            | <b>17,032</b>                            |

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)**

|  | Retained<br>earnings<br>\$'000 | Asset<br>revaluation<br>reserve<br>\$'000 | Contributed<br>equity/<br>capital<br>\$'000 | Total<br>equity<br>\$'000 |
|--|--------------------------------|---|---|---------------------------|
| <b>Opening balance as at 1 July 2009</b>                           |                                |   |   |                           |
| Balance carried forward from<br>previous period                    | (9,311)                        | 24,389                                    | 292,960                                     | 308,038                   |
| <b>Adjusted opening balance</b>                                    | <b>(9,311)</b>                 | <b>24,389</b>                             | <b>292,960</b>                              | <b>308,038</b>            |
| Surplus (deficit) for the period                                   | -                              | -   | -   | -                         |
| <b>Total income and expenses<br/>recognised directly in equity</b> | <b>-</b>                       | <b>-</b>                                  | <b>-</b>                                    | <b>-</b>                  |
| <b>Transactions with owners</b>                                    |                                |   |   |                           |
| <i>Contribution by owners</i>                                      |                                |   |   |                           |
| Appropriation (equity injection)                                   | -                              | -   | 17,341                                      | 17,341                    |
| <b>Sub-total transactions with owners</b>                          | <b>-</b>                       | <b>-</b>                                  | <b>17,341</b>                               | <b>17,341</b>             |
| <b>Estimated closing balance<br/>as at 30 June 2010</b>            | <b>(9,311)</b>                 | <b>24,389</b>                             | <b>310,301</b>                              | <b>325,379</b>            |

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Capital Budget Statement - Departmental**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>CAPITAL APPROPRIATIONS</b>                              |                             |  |  |  |  |
| Total equity injections                                    | 3,536                       | 17,341                                 | 6,454                                    | -  | -  |
| Total loans  |                             |  |  |  |  |
| Appropriation of Previous Year                             |                             |  |  |  |  |
| Accrued Revenue  | 106                         | 1,903                                  | -  | -  | -  |
| <b>Total capital appropriations</b>                        | <b>3,642</b>                | <b>19,244</b>                          | <b>6,454</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Represented by:</b>                                     |                             |  |  |  |  |
| Purchase of non-financial assets                           | 3,536                       | 17,341                                 | 6,454                                    | -  | -  |
| Other  | 106                         | 1,903                                  | -  | -  | -  |
| <b>Total represented by</b>                                | <b>3,642</b>                | <b>19,244</b>                          | <b>6,454</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                 |                             |  |  |  |  |
| Funded by capital appropriations                           | 3,536                       | 17,341                                 | 6,454                                    | -  | -  |
| Funded internally from departmental resources <sup>1</sup> | 161,590                     | 100,665                                | 135,355                                  | 181,411                                  | 72,418                                   |
| <b>TOTAL</b>   | <b>165,126</b>              | <b>118,006</b>                         | <b>141,809</b>                           | <b>181,411</b>                           | <b>72,418</b>                            |

Prepared on Australian Accounting Standards basis.

<sup>1</sup> Includes the following sources of funding:

- prior year appropriations
- internally developed assets
- proceeds from sale of assets

**Table 3.2.6: Statement of Asset Movements (2009-10)**

|  | Land         | Buildings      | Other<br>infrastructure,<br>plant and<br>equipment | Intangibles    | Total          |
|--|--------------|----------------|--|----------------|----------------|
|  | \$'000       | \$'000         | \$'000   | \$'000         | \$'000         |
| <b>As at 1 July 2009</b>   |              |                |  |                |                |
| Gross book value   | 3,875        | 308,836        | 180,688  | 487,356        | 980,755        |
| Accumulated depreciation/amortisation  | -            | (91,542)       | (93,566)   | (253,560)      | (438,668)      |
| <b>Opening net book balance</b>  | <b>3,875</b> | <b>217,294</b> | <b>87,122</b>                                      | <b>233,796</b> | <b>542,087</b> |
| <b>CAPITAL ASSET ADDITIONS</b>   |              |                |  |                |                |
| <b>Estimated expenditure on<br/>new or replacement assets</b>                        |              |                |  |                |                |
| By purchase or internally developed  | -            | 61,306         | 29,460   | 27,240         | 118,006        |
| <b>Acquisition of entities or operations<br/>(including restructuring) sub-total</b> | <b>-</b>     | <b>61,306</b>  | <b>29,460</b>                                      | <b>27,240</b>  | <b>118,006</b> |
| <b>Other movements</b>   |              |                |  |                |                |
| Depreciation/amortisation expense  | -            | (58,543)       | (53,692)   | (52,112)       | (164,347)      |
| Other  | -            | (200)          | (300)  | (5,000)        | (5,500)        |
| <b>As at 30 June 2010</b>  |              |                |  |                |                |
| Gross book value   | 3,875        | 369,942        | 209,848  | 509,596        | 1,093,261      |
| Accumulated depreciation/amortisation  | -            | (150,085)      | (147,258)  | (305,672)      | (603,015)      |
| <b>Closing net book balance</b>  | <b>3,875</b> | <b>219,857</b> | <b>62,590</b>                                      | <b>203,924</b> | <b>490,246</b> |

Prepared on Australian Accounting Standards basis.

**Note:** The numbers in this table are subject to review under the Government's net cash framework as part of the Operation Sunlight review.

## **Notes to the financial statements**

### **Departmental**

#### **1. Basis of Preparation of the Budgeted Financial Report**

The Budgeted Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs); and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

Centrelink's Budgeted Financial Statements have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Unless alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to Centrelink or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

Unless alternative treatment is specifically required by an Accounting Standard, revenues and expenses are recognised in the Comprehensive Income Statement when and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

# MEDICARE AUSTRALIA

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## **MEDICARE AUSTRALIA**

### **Section 1: Agency overview and resources**

#### **1.1 STRATEGIC DIRECTION**

Medicare Australia provides access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery. Almost all Australian residents, doctors, pharmacists, aged care providers and other health professionals have a connection with Medicare Australia.

Medicare Australia's stakeholders include the Australian public, health professionals, private health organisations, state and territory Governments and other Australian Government departments and agencies.

The key programs Medicare Australia delivers are Medicare, Veterans' Treatment Accounts, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register, and the Australian Organ Donor Register, 30% Rebate on Private Health Insurance, the National Bowel Cancer Screening Register and Aged Care payments. Medicare Australia also provides payment and information services for Family Assistance.

In addition Medicare Australia delivers a range of programs supporting general practice including the General Practice Immunisation Incentives Scheme, the Practice Incentives Program, the Rural Retention Program, the General Practice Registrars' Rural Incentive Payment Scheme and the Mental Health Nurse Incentive Program.

Medicare Australia is developing the Unique Healthcare Identifier service under contract to the National E-Health Transition Authority. This service will generate health care identifiers for patients, health care providers and health care locations and is aimed at supporting the development of electronic health records in Australia.

Medicare Australia works to ensure the public and health care providers receive the correct benefits from the programs it delivers. Medicare Australia supports members of the community to meet their obligations when making claims for benefits or payments through the provision of high quality education and information services. Where non-compliance is identified, Medicare Australia takes compliance action commensurate with the level and nature of the non-compliance.

Medicare Australia will continue to enhance convenience, ease of access and cost effectiveness of services by increasing the availability and use of electronic channels for claiming and service provision, while ensuring that, where required, face to face service delivery is available.

Medicare Australia will seek to ensure that full advantage is taken of the public investment made in its infrastructure by working with other Government agencies in identifying opportunities to leverage the existing capability for a broader range of Government programs and to improve service delivery by the Australian Government. For example in 2009-10 Medicare Australia is administering components of the 'Home Insulation Program and low emission assistance plan for renters' on behalf of the Department of the Environment, Water, Heritage and the Arts.

Similarly, Medicare Australia will establish a Superannuation Clearing House, designed to reduce the red tape and compliance costs that small businesses experience in meeting their superannuation obligations.

## **1.2 AGENCY RESOURCE STATEMENT**

The Agency Resource Statement details the resourcing for Medicare Australia at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2009-10 Budget year, including variations through Appropriation Bills No.3 and No.4, special appropriations and special accounts.

**Table 1.1: Medicare Australia resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009**

|  | Estimate as<br>at Budget + | Proposed<br>Additional =<br>Estimates | Total<br>estimate<br>at Additional<br>Estimates | Total<br>available<br>appropriation |
|--|----------------------------|---------------------------------------|---|-------------------------------------|
|  | 2009-10<br>\$'000          | 2009-10<br>\$'000                     | 2009-10<br>\$'000                               | 2008-09<br>\$'000                   |
| <b>Ordinary annual services<sup>1</sup></b>            |                            |                                       |   |                                     |
| <b>Departmental appropriation</b>                      |                            |                                       |   |                                     |
| Departmental appropriation                             | 790,080                    | (1,340)                               | 788,740   | 755,808                             |
| Section 31 Relevant agency receipts <sup>2</sup>       | 82,014                     | 35,836                                | 117,850   | 95,113                              |
| <b>Total</b>   | <b>872,094</b>             | <b>34,496</b>                         | <b>906,590</b>                                  | <b>850,921</b>                      |
| <b>Administered expenses</b>                           |                            |                                       |   |                                     |
| Outcome 1  | 4,786                      | -                                     | 4,786   | 5,442                               |
| <b>Total</b>   | <b>4,786</b>               | <b>-</b>                              | <b>4,786</b>                                    | <b>5,442</b>                        |
| <b>Total ordinary annual services</b>                  | <b>A 876,880</b>           | <b>34,496</b>                         | <b>911,376</b>                                  | <b>856,363</b>                      |
| <b>Other services<sup>3</sup></b>                      |                            |                                       |   |                                     |
| <b>Departmental non-operating</b>                      |                            |                                       |   |                                     |
| Equity injections                                      | 52,017                     | -                                     | 52,017  | 24,595                              |
| Previous years' outputs <sup>4</sup>                   | 6,550                      | -                                     | 6,550   | 17,826                              |
| <b>Total</b>   | <b>58,567</b>              | <b>-</b>                              | <b>58,567</b>                                   | <b>42,421</b>                       |
| <b>Total other services</b>                            | <b>B 58,567</b>            | <b>-</b>                              | <b>58,567</b>                                   | <b>42,421</b>                       |
| <b>Total available annual appropriations</b>           | <b>935,447</b>             | <b>34,496</b>                         | <b>969,943</b>                                  | <b>898,784</b>                      |
| <b>Special appropriations</b>                          |                            |                                       |   |                                     |
| <b>Total special appropriations</b>                    | <b>C -</b>                 | <b>-</b>                              | <b>-</b>  | <b>-</b>                            |
| <b>Total appropriations excluding special accounts</b> | <b>935,447</b>             | <b>34,496</b>                         | <b>969,943</b>                                  | <b>898,784</b>                      |

**Table 1.1: Medicare Australia resource statement – Additional estimates for 2009-10 as at Additional Estimates November 2009 (continued)**

|  | Estimate as<br>at Budget <sup>+</sup> | Proposed<br>Additional <sup>=</sup><br>Estimates | Total<br>estimate<br>at Additional<br>Estimates | Total<br>available<br>appropriation |
|--|---------------------------------------|--|---|-------------------------------------|
|  | 2009-10<br>\$'000                     | 2009-10<br>\$'000                                | 2009-10<br>\$'000                               | 2008-09<br>\$'000                   |
| <b>Special accounts</b>                                |                                       |  |   |                                     |
| Opening balance <sup>5</sup>                           | 82,064                                |  | 82,064  | 71,573                              |
| Non-appropriation receipts to<br>Special accounts      | 239,356                               | 1,543  | 240,899   | 235,483                             |
| <b>Total special account</b>                           | <b>D 321,420</b>                      | <b>1,543</b>                                     | <b>322,963</b>                                  | <b>307,056</b>                      |
| <b>Total resourcing</b>                                |                                       |  |   |                                     |
| A+B+C+D  | <b>1,256,867</b>                      | <b>36,039</b>                                    | <b>1,292,906</b>                                | <b>1,205,840</b>                    |
| <b>Total net resourcing for Medicare<br/>Australia</b> | <b>1,256,867</b>                      | <b>36,039</b>                                    | <b>1,292,906</b>                                | <b>1,205,840</b>                    |

<sup>1</sup> Appropriation Bill (No.1 & 3) 2009-10

<sup>2</sup> s31 Relevant agency receipts - estimate

<sup>3</sup> Appropriation Bill (No.2 & 4) 2009-10

<sup>4</sup> Annual Appropriations provided for previous year

<sup>5</sup> Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.1.

Reader note: All figures are GST exclusive.

### Third Party Drawdowns from and on behalf of other agencies

|  | Estimate at<br>Budget | Estimate at<br>Additional<br>Estimates |
|--|-----------------------|--|
|  | 2009-10<br>\$'000     | 2009-10<br>\$'000                      |
| Payments made on behalf of other agencies<br>(disclosed in the respective agency Resource Statement)                   |                       |  |
| <b>Department of Veterans' Affairs</b>   |                       |  |
| Veterans' Entitlements Act 1986  | 3,451,205             | 3,459,071                              |
| Military Rehabilitation and Compensation Act 2004  | 2,066                 | 2,066                                  |
| <b>Department of Health and Ageing</b>   |                       |  |
| Data from the Department of Health and Ageing was not available at the time of publication.                            |                       |  |
| Revenue received from other agencies for the provision of services<br>(disclosed above within Departmental section 31) |                       |  |
| Department of Health and Ageing  | 14,150                | 26,033                                 |
| Department of Veterans' Affairs  | 16,372                | 16,378                                 |
| Centrelink   | 12,620                | 12,620                                 |
| Department of the Environment, Water, Heritage and the Arts  |                       | 9,883                                  |
| Department of Families, Housing, Community Services & Indigenous   | 9,175                 | 9,220                                  |
| Department of Defence  | 739                   | 1,807                                  |
| Department of Human Services   |                       | 187                                    |
| Department of Education, Employment and Workplace Relations  | 148                   | 148                                    |
| Other External Entities  | 28,810                | 41,574                                 |
| <b>Total s31 Relevant agency receipts</b>  | <b>82,014</b>         | <b>117,850</b>                         |

### 1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2009-10 Budget. The table is split into revenue, expense and capital measures, with the affected program identified.

**Table 1.2: Agency Measures since Budget**

|  | Program | 2009-10<br>\$'000 | 2010-11<br>\$'000 | 2011-12<br>\$'000 | 2012-13<br>\$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|
| <b>Expense Measures</b>  |         |                   |                   |                   |                   |
| <b>Department of Health and Ageing<sup>1</sup></b>                               |         |                   |                   |                   |                   |
| Medicare Benefits Schedule - new and revised listings                            |         |                   |                   |                   |                   |
| Departmental expenses  | 1.1     | 97                | (38)              | (60)              | (83)              |
| Medicare Benefits Schedule - promoting better use of selected spinal x-ray items |         |                   |                   |                   |                   |
| Departmental expenses  | 1.1     | 28                | 7                 | 8                 | 9                 |
| Seasonal Influenza Vaccine - expanded eligibility                                |         |                   |                   |                   |                   |
| Departmental expenses  | 1.2     | (59)              | (69)              | (71)              | (73)              |
| Pharmaceutical Benefits Scheme - minor new listings                              |         |                   |                   |                   |                   |
| Departmental expenses  | 1.2     | 309               | 305               | 319               | 332               |
| Pharmaceutical Benefits Scheme - listing of Revlimid® (lenalidomide)             |         |                   |                   |                   |                   |
| Departmental expenses  | 1.2     | 47                | 71                | 72                | 73                |
| Pharmaceutical Benefits Scheme - additional therapeutic groups                   |         |                   |                   |                   |                   |
| Departmental expenses  | 1.2     | 309               | 95                | 113               | 128               |
| <b>Total expense measures</b>  |         |                   |                   |                   |                   |
| Departmental expenses  |         | <b>731</b>        | <b>371</b>        | <b>381</b>        | <b>386</b>        |

Prepared on a Government Financial Statistics (fiscal) basis

<sup>1</sup>The lead agency for each measure is indicated in the table above. The full measure description and package details appear in Mid Year Economic and Fiscal Outlook under the relevant portfolio.

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for Medicare Australia at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2009-10 Budget in Appropriation Bills No.3 and No.4. Table 1.4 details Additional Estimates or variations through other factors, such as parameter adjustments.

**Table 1.3: Additional estimates and variations to outcomes from measures since 2009-10 Budget**

|  | Program impacted | 2009-10 (\$'000) | 2010-11 (\$'000) | 2011-12 (\$'000) | 2012-13 (\$'000) |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Outcome 1</b>   |                  |                  |                  |                  |                  |
| Increase in estimates (departmental)   |                  |                  |                  |                  |                  |
| Medicare Benefits Schedule - new and revised listings                            | 1.1              | 97               |                  |                  |                  |
| Medicare Benefits Schedule - promoting better use of selected spinal x-ray items | 1.1              | 28               | 7                | 8                | 9                |
| Pharmaceutical Benefits Scheme - minor new listings                              | 1.2              | 309              | 305              | 319              | 332              |
| Pharmaceutical Benefits Scheme - listing of Revlimid® (lenalidomide)             | 1.2              | 47               | 71               | 72               | 73               |
| Pharmaceutical Benefits Scheme - additional therapeutic groups                   | 1.2              | 309              | 95               | 113              | 128              |
| Decrease in estimates (departmental)   |                  |                  |                  |                  |                  |
| Medicare Benefits Schedule - new and revised listings                            | 1.1              |                  | (38)             | (60)             | (83)             |
| Seasonal Influenza Vaccine - expanded eligibility                                | 1.2              | (59)             | (69)             | (71)             | (73)             |
| <b>Net impact on estimates for Outcome 1 (departmental)</b>                      |                  | <b>731</b>       | <b>371</b>       | <b>381</b>       | <b>386</b>       |

*Agency Additional Estimates Statements – Medicare Australia*

**Table 1.4: Additional estimates and variations to outcomes from other variations**

|   | Program<br>impacted | 2009-10<br>(\$'000) | 2010-11<br>(\$'000) | 2011-12<br>(\$'000) | 2012-13<br>(\$'000) |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Outcome 1</b>  |                     |                     |                     |                     |                     |
| Decrease in estimates (departmental)                            |                     |                     |                     |                     |                     |
| Changes in the wage and price indices                           | 1.1,1.2,1.3         | -                   | (2,286)             | (4,109)             | (4,760)             |
| Change in transaction volumes                                   | 1.1, 1.2            | (2,071)             | (7,557)             | (10,165)            | (13,099)            |
| Gershon Review Phase 2  | 1.1,1.2,1.3         | -                   | (10,890)            | (10,996)            | (11,104)            |
| Return of Payroll tax funding upon FMA transition               | 1.1,1.2,1.3         | -                   | -                   | (11,987)            | -                   |
| Application of Efficiency Dividend                              | 1.1,1.2,1.3         | -                   | -                   | -                   | (17,372)            |
| <b>Net impact on estimates<br/>for Outcome 1 (departmental)</b> |                     | <b>(2,071)</b>      | <b>(20,733)</b>     | <b>(37,257)</b>     | <b>(46,335)</b>     |

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for Medicare Australia through Appropriation Bills No.3 and No.4.

**Table 1.5: Appropriation Bill (No. 3) 2009-10**

|   | 2008-09<br>Available<br>(\$'000) | 2009-10<br>Budget<br>(\$'000) | 2009-10<br>Revised<br>(\$'000) | Additional<br>Estimates<br>(\$'000) | Reduced<br>Estimates<br>(\$'000) |
|---|----------------------------------|-------------------------------|--------------------------------|-------------------------------------|----------------------------------|
| <b>ADMINISTERED ITEMS</b>   |                                  |                               |                                |                                     |                                  |
| <b>Outcome 1</b>  |                                  |                               |                                |                                     |                                  |
| Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery | 5,442                            | 4,381                         | 4,381                          | -                                   | -                                |
| <b>Total</b>  | <b>5,442</b>                     | <b>4,381</b>                  | <b>4,381</b>                   | <b>-</b>                            | <b>-</b>                         |
| <b>DEPARTMENTAL PROGRAMS</b>  |                                  |                               |                                |                                     |                                  |
| <b>Outcome 1</b>  |                                  |                               |                                |                                     |                                  |
| Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery | 606,172                          | 650,057                       | 648,717                        | -                                   | (1,340)                          |
| <b>Total</b>  | <b>606,172</b>                   | <b>650,057</b>                | <b>648,717</b>                 | <b>-</b>                            | <b>(1,340)</b>                   |
| <b>Total administered and departmental</b>  | <b>611,614</b>                   | <b>654,438</b>                | <b>653,098</b>                 | <b>-</b>                            | <b>(1,340)</b>                   |

**Notes:**

1: 2008-09 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to:  
*Budget Appropriation + Additional Estimates Appropriation + AFM - Savings - Rephasings - Other Reductions +/- Section 32 transfers.*

2: No appropriation is provided in Appropriation Bill 3 where the net funding change across outcomes for departmental programs is negative (ie, where the total 'Reduced Estimates' is greater than the Total 'Additional Estimates'.

**Table 1.6: Appropriation Bill (No. 4) 2009-10**

There are no variations to the amounts appearing in the 2009-10 Portfolio Budget Statements.



## Section 2: Revisions to agency resources and planned performance

### **2.1 RESOURCES AND PERFORMANCE INFORMATION**

Since the 2009-10 Budget, there have been no changes to Medicare Australia's Outcome Statement, no reappropriation of administered items and no transfers of sub programs between programs.

The allocation of expenses to each program has been revised to align business activities with the program structure adopted under Operation Sunlight.

Full details of Medicare Australia's outcomes and programs can be found in the 2009-10 Portfolio Budget Statements

### **OUTCOME 1**

#### ***Outcome 1 Strategy***

Since the 2009-10 Budget, there have been no changes to the Outcome 1 Strategy.

**Table 2.1: Budgeted Expenses and Resources for Outcome 1**

|  | 2008-09<br>Actual<br>expenses<br>\$'000 | 2009-10<br>Revised<br>estimated<br>expenses<br>\$'000 |
|--|---|---|
| <b>Outcome 1:</b><br>Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery |   |   |
| <b>Program 1.1: Medical Benefits and Services</b>  |   |   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 466,797                                 | 489,395   |
| Revenues from independent sources (section 31)   | 37,313                                  | 28,486  |
| Special accounts   |   | 1,470   |
| <b>Total for Program 1.1</b>   | <b>518,476</b>                          | <b>519,351</b>  |
| <b>Program 1.2: Pharmaceutical Benefits and Services</b>   |   |   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 140,758                                 | 155,405   |
| Revenues from Independent sources (section 31)   | 1,933                                   | 2,718   |
| <b>Total for Program 1.2</b>   | <b>142,691</b>                          | <b>158,123</b>  |
| <b>Program 1.3: Other Benefits and Services</b>  |   |   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 3,962                                   | 3,917   |
| Revenues from Independent sources (section 31)   | 62,666                                  | 87,278  |
| Expenses not requiring appropriation in the Budget year  | 568                                     | 537   |
| <b>Total for Program 1.3</b>   | <b>67,196</b>                           | <b>91,732</b>   |
| <b>Program 1.4: Other Benefits and Services</b>  |   |   |
| Administered expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 4,680                                   | 4,381   |
| Special accounts   | 224,743                                 | 229,912   |
| <b>Total for Program 1.4</b>   | <b>229,423</b>                          | <b>234,293</b>  |
| <b>Outcome 1 Totals by appropriation type</b>  |   |   |
| Administered Expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 4,680                                   | 4,381   |
| Special accounts   | 224,743                                 | 229,912   |
| Departmental expenses  |   |   |
| Ordinary annual services (Appropriation Bill No. 1 & 3)  | 611,517                                 | 648,717   |
| Revenues from independent sources (section 31)   | 101,912                                 | 118,482   |
| Special accounts   | -                                       | 1,470   |
| Expenses not requiring appropriation in the Budget year  | 568                                     | 537   |
| <b>Total expenses for Outcome 1</b>  | <b>943,420</b>                          | <b>1,003,499</b>                                      |
|  | 2008-09                                 | 2009-10   |
| <b>Average Staffing Level (number)</b>   | 5,257                                   | 5,266   |

## Program 1.1: Delivery of Medical Benefits and Services

### Program 1.1 Objective

There have been no changes to program objectives since the 2009-10 Budget.

### Program 1.1 Expenses

|  | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|--|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (‘000)   |                    |                              |                              |                              |                              |
| Annual departmental expenses:  |                    |                              |                              |                              |                              |
| Ordinary Annual Services (Appropriation Bill No. 1)                  | 466,797            | 489,395                      | 491,336                      | 506,012                      | 514,429                      |
| Revenue from other sources (FMA Act section 31)                      | 37,313             | 28,486                       | 24,037                       | 23,686                       | 22,653                       |
| Special account expenses:  |                    |                              |                              |                              |                              |
| Other Trust Moneys - Medicare Australia Special Account <sup>1</sup> | 1,454              |                              |                              |                              |                              |
| Services for Other Entities and Trust Moneys <sup>2</sup>            |                    | 1,470                        | 1,470                        | 1,470                        | 1,470                        |
| <b>Total program expenses</b>  | <b>505,564</b>     | <b>519,351</b>               | <b>515,373</b>               | <b>531,168</b>               | <b>538,552</b>               |

<sup>1</sup> Other Trust Moneys - Medicare Australia Special Account - s20 FMA Act Det 2005/25 [Abolished by FMA Determination 2009/17]

<sup>2</sup> Services for Other Entities and Trust Moneys - Medicare Australia Special Account - s20 FMA Act Det 2009/18

### Program 1.1 Deliverables

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Deliverables                                    |                    |                              |                              |                              |                              |
| Total volume of services (million) <sup>1</sup> | 351                | 370                          | 387                          | 407                          | 427                          |
| Accuracy of processing                          | 98.1%              | ≥ 98%                        | ≥ 98%                        | ≥ 98%                        | ≥ 98%                        |
| Prompt processing                               | 96.2%              | ≥ 90%                        | ≥ 90%                        | ≥ 90%                        | ≥ 90%                        |

<sup>1</sup> Total Volume of services includes Medicare, Private Health Fund Rebates, Medical Indemnity, Hearing Services, Immunisation Register, GP and Practice incentives, Organ Donor Register and Compensation Recoveries

**Program 1.1: Delivery of Medical Benefits and Services (Continued)**

**Program 1.1 Key Performance Indicators**

| Key Performance Indicators  | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|--|------------------------------|------------------------------|------------------------------|
| Briefs are submitted within agreed timeframes and meeting a standard of satisfactory or above | 98%                | 95%                                    | 95%                          | 95%                          | 95%                          |
| Ministerial replies to correspondence are submitted within agreed timeframes                  | 100%               | 95%                                    | 95%                          | 95%                          | 95%                          |
| The proportion of Medicare Bulk Bill claims processed electronically                          | 84%                | ≥ 90%                                  | ≥ 95%                        | ≥ 95%                        | ≥ 95%                        |
| The proportion of Medicare Patient Claims processed electronically                            | 14%                | ≥ 25%                                  | ≥ 30%                        | ≥ 30%                        | ≥ 30%                        |
| Average appropriated expense per billable service <sup>1</sup>                                | 1.26               | 1.32                                   | 1.33                         | 1.37                         | 1.39                         |
| Community satisfaction  | 93%                | ≥ 90%                                  | ≥ 90%                        | ≥ 90%                        | ≥ 90%                        |
| Practice manager satisfaction   | 87%                | ≥ 85%                                  | ≥ 85%                        | ≥ 85%                        | ≥ 85%                        |
| Practitioner satisfaction   | 74%                | ≥ 70%                                  | ≥ 70%                        | ≥ 70%                        | ≥ 70%                        |

<sup>1</sup> The "Average appropriated expense per billable service KPI replaces the Average Revenue per Medicare Service published in the 2009-10 PBS. The description has been amended to reflect that it includes all billable services provided under program 1.1, not just Medicare. The revised KPI reflects the impact of changes in volumes, new measures and other variations.

## Program 1.2: Delivery of Pharmaceutical Benefits and Services

### Program 1.2 Objective

There have been no changes to program objectives since the 2009-10 Budget.

### Program 1.2 Expenses

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (‘000)  |                    |                              |                              |                              |                              |
| Annual departmental expenses:                       |                    |                              |                              |                              |                              |
| Ordinary Annual Services (Appropriation Bill No. 1) | 140,758            | 155,405                      | 147,803                      | 149,903                      | 151,676                      |
| Revenue from other sources (FMA Act section 31)     | 1,933              | 2,718                        | 837                          | 416                          | 434                          |
| <b>Total program expenses</b>                       | <b>142,691</b>     | <b>158,123</b>               | <b>148,640</b>               | <b>150,319</b>               | <b>152,110</b>               |

### Program Deliverables 1.2

| Deliverables  | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Total volume of service payments (million) <sup>1</sup> | 205                | 211                          | 223                          | 232                          | 242                          |
| Accuracy of processing                                  | 98.3%              | ≥ 98%                        | ≥ 98%                        | ≥ 98%                        | ≥ 98%                        |
| Prompt processing                                       | 68.1%              | 100%                         | 100%                         | 100%                         | 100%                         |

<sup>1</sup> Total volume of service payments includes PBS Prescriptions, Authorities, Highly Specialised Drugs and Trainee Incentives for Pharmacy Assistants

### Program 1.2 Key Performance Indicators

| Key Performance Indicators                                     | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|--|--------------------|--|------------------------------|------------------------------|------------------------------|
| % online prescription processing                               |                    | ≥ 98%                                  | ≥ 98%                        | ≥ 98%                        | ≥ 98%                        |
| Average appropriated expense per billable service <sup>1</sup> | 0.69               | 0.74                                   | 0.66                         | 0.65                         | 0.63                         |
| Pharmacist satisfaction  | 86%                | ≥ 90%                                  | ≥ 90%                        | ≥ 90%                        | ≥ 90%                        |

<sup>1</sup>The "Average appropriated expense per billable service" KPI replaces the Average Revenue per Pharmaceutical Benefit Service published in the 2009-10 PBS. The description has been amended to reflect that it includes all billable services provided under program 1.2 and only relates to the appropriated expense. The revised KPI reflects the impact of changes in volumes, new measures and other variations.

**Program 1.3: Delivery of Other Benefits and Services**

**Program 1.3 Objective**

There have been no changes since Budget.

**Program 1.3 Expenses**

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (‘000)  |                    |                              |                              |                              |                              |
| Annual departmental expenses:                           |                    |                              |                              |                              |                              |
| Ordinary Annual Services (Appropriation Bill No. 1)     | 3,962              | 3,917                        | 2,232                        | 2,188                        | 2,241                        |
| Revenue from other sources (FMA Act section 31)         | 62,666             | 87,278                       | 44,419                       | 44,242                       | 37,959                       |
| Expenses not requiring appropriation in the Budget year | 568                | 537                          | 420                          | 420                          | 420                          |
| <b>Total program expenses</b>                           | <b>67,196</b>      | <b>91,732</b>                | <b>47,071</b>                | <b>46,850</b>                | <b>40,620</b>                |

**Program 1.3 Deliverables**

|                                    | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|------------------------------------|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Deliverables                       |                    |                              |                              |                              |                              |
| Aged care - Accuracy of processing | 99%                | 100%                         | 100%                         | 100%                         | 100%                         |
| Aged care - Prompt processing      | 100%               | 100%                         | 100%                         | 100%                         | 100%                         |
| FAO service - Prompt processing    | 83%                | ≥ 85%                        | ≥ 85%                        | ≥ 85%                        | ≥ 85%                        |

**Program 1.3 Key Performance Indicators**

| Key Performance Indicators                                | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|--|------------------------------|------------------------------|------------------------------|
| <b>Aged Care <sup>1</sup>:</b>                            |                    |  |                              |                              |                              |
| Residential Entry Record (RER) Admissions Form            | 24%                | ≥49%                                   | ≥63%                         |                              |                              |
| Residential Classification (Aged Care Funding Instrument) | 73%                | ≥80%                                   | ≥82%                         |                              |                              |
| Residential Care Claim                                    | 16%                | ≥49%                                   | ≥63%                         |                              |                              |
| Community Care Claim                                      | 0%                 | ≥8%                                    | ≥15%                         |                              |                              |
| Aged Care Client Record (ACCR) ACAT's online              | 39%                | ≥70%                                   | ≥78%                         |                              |                              |

<sup>1</sup> A single average Aged Care KPI was published in the 2009-10 Portfolio Budget Statements Budget. This has now been expanded to show each type of transaction. KPI's for 2011-12 and 2012-13 have been removed as the service agreement with DoHA expires at 30 June 2011.

**Program 1.4: Medicare Rebates – Electronic Claiming**

**Program 1.4 Objective**

There have been no changes since the 2009-10 Budget.

**Program 1.4 Expenses**

|  | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|--|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (‘000)   |                    |                              |                              |                              |                              |
| Annual administered expenses:  |                    |                              |                              |                              |                              |
| Administered item  | 4,680              | 4,381                        |                              |                              |                              |
| Special account expenses:  |                    |                              |                              |                              |                              |
| <i>Recovery of Compensation for Health Care<br/>    and Other Services Special Account - s20<br/>    FMA Act Det 2005/24</i> | 224,743            | 229,912                      | 233,361                      | 237,095                      | 241,126                      |
| <b>Total program expenses</b>  | <b>229,423</b>     | <b>234,293</b>               | <b>233,361</b>               | <b>237,095</b>               | <b>241,126</b>               |

**Program 1.4 Deliverables**

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Deliverables  |                    |                              |                              |                              |                              |
| Number of sites for which Software incentives<br>are paid | 3,347              | 2,732                        |                              |                              |                              |

**Program 1.4 Key Performance Indicators**

|   | 2008-09<br>Actuals | 2009-10<br>Revised<br>budget<br>target | 2010-11<br>Forward<br>year 1 | 2011-12<br>Forward<br>year 2 | 2012-13<br>Forward<br>year 3 |
|---|--------------------|--|------------------------------|------------------------------|------------------------------|
| Key Performance<br>Indicators               |                    |  |                              |                              |                              |
| Prompt payment of Software vendor incentive | ≥ 90%              | ≥ 90%                                  |                              |                              |                              |

## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.3 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by Medicare Australia. The corresponding table in the 2009-10 PB Statements is Table 3.1.2.

**Table 3.1.1: Estimates of special account flows**

|   |         | Opening<br>balance<br><b>2009-10</b><br>2008-09 | Receipts<br><b>2009-10</b><br>2008-09 | Payments<br><b>2009-10</b><br>2008-09 | Adjustments<br><b>2009-10</b><br>2008-09 | Closing<br>balance<br><b>2009-10</b><br>2008-09 |
|---|---------|---|---------------------------------------|---------------------------------------|--|---|
|   | Outcome | \$'000  | \$'000                                | \$'000                                | \$'000                                   | \$'000  |
| Recovery of Compensation <sup>1</sup>             | 1       | <b>82,064</b><br>71,324                         | <b>240,899</b><br>235,483             | <b>229,912</b><br>224,743             | -<br>-                                   | <b>93,051</b><br>82,064                         |
| Other Trust Moneys <sup>2</sup>                   | 1       | -<br>249  | -<br>1,205                            | -<br>1,454                            | -<br>-                                   | -<br>-  |
| Services for Other Entities <sup>3</sup>          | 1       | -<br>-  | <b>1,470</b><br>-                     | <b>1,470</b><br>-                     | <b>119</b><br>-                          | <b>119</b><br>-                                 |
| <b>Total special accounts</b>                     |         |   |                                       |                                       |  |   |
| <b>2009-10 Budget estimate</b>                    |         | <b>82,064</b>                                   | <b>242,369</b>                        | <b>231,382</b>                        | <b>119</b>                               | <b>93,170</b>                                   |
| Total special accounts<br>2008-09 estimate actual |         | 71,573  | 236,687                               | 226,197                               | -  | 82,064  |

<sup>1</sup> Recovery of Compensation for Health Care and Other Services Special Account  
s20 FMA Act Det 2005/24 (Administered)

<sup>2</sup> Other Trust Moneys - Medicare Australia Special Account  
s20 FMA Act Det 2005/25 [\* ABOLISHED by FMA Determination 2009/17 \*] (Departmental)

<sup>3</sup> Services for Other Entities and Trust Moneys - Medicare Australia Special Account  
s20 FMA Act Det 2009/18 (Departmental)



## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Analysis of budgeted financial statements**

The net reduction in 2009-10 appropriations of \$1.340 million is the result of 2009-10 measures (\$0.731m) as detailed in Table 1.2 and other 2009-10 variations (-\$2.071million) as detailed in Table 1.4. Medicare Australia will request a determination by the Minister for Finance under s10 of *Appropriation Act (No 1) 2009-10* for a reduction of \$1.340 million to effect the reduction.

#### **Budgeted departmental comprehensive income statement**

Medicare Australia is budgeting for a breakeven operating result for 2009-10 compared to a loss of \$8.4million on 2008-09.

Total Comprehensive Income for 2009-10 has increased from \$728.2 million at 2009-10 Budget time to \$767.7 million an increase of \$39.5 million. In 2008-09 the actual was \$713.9 million.

The key revenue movements since the 2009-10 Budget comprise a decrease of \$1.3 million in appropriations mainly due to a decrease in transaction volumes, offset by an increase of \$41 million in own source income. This relates mainly to s31 revenue for business activities undertaken for the *Home Insulation Program* (\$9.8m), *National Bowel Cancer Screening* (\$7.5m), *Aged Care* (\$1.4m), *PBS Co-Payment* (\$1.8m), *Defence family health care* (\$1.1m) and development of the Healthcare Identifier services (\$17m).

As a result of the increased revenue activities since the 2009-10 Budget, employee expenses increase by \$24.2 million, and supplier expenses by \$14.0 million.

#### **Budgeted departmental balance sheet**

Medicare Australia's budgeted net asset position increases by \$8.4 million, due to the difference between the estimated operating loss for 2008-09 at Budget of \$16.8 million and the actual operating loss at year end of \$8.4 million, which flows through to total equity in the current year.

Medicare Australia's primary liability continues to be accrued employee entitlements of \$110.4 million which have increased slightly since Budget.

### 3.2.2 Budgeted financial statements

#### Departmental financial statements

**Table 3.2.1: Budgeted departmental Comprehensive Income Statement (Showing Net Cost of Services) for the period ended 30 June**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>EXPENSES</b>   |                             |  |  |  |  |
| Employee benefits   | 374,226                     | 367,334                                | 348,153                                  | 358,850                                  | 359,910                                  |
| Supplier  | 302,775                     | 354,599                                | 311,092                                  | 316,069                                  | 318,661                                  |
| Depreciation and amortisation   | 44,775                      | 45,803                                 | 51,839                                   | 51,948                                   | 51,241                                   |
| Write-down and impairment of assets   | 200                         | -                                      | -  | -  | -  |
| Finance costs   | 404                         | -                                      | -  | -  | -  |
| <b>Total expenses</b>   | <b>722,380</b>              | <b>767,736</b>                         | <b>711,084</b>                           | <b>726,867</b>                           | <b>729,812</b>                           |
| <b>LESS:</b>  |                             |  |  |  |  |
| <b>OWN-SOURCE INCOME</b>  |                             |  |  |  |  |
| <b>Revenue</b>  |                             |  |  |  |  |
| Sale of goods and rendering of services                                     | 101,805                     | 117,506                                | 69,285                                   | 68,344                                   | 61,046                                   |
| Interest  | 107                         | 350                                    | -  | -  | -  |
| Other revenue   | -                           | 626                                    | 8  | -  | -  |
| <b>Total revenue</b>  | <b>101,912</b>              | <b>118,482</b>                         | <b>69,293</b>                            | <b>68,344</b>                            | <b>61,046</b>                            |
| <b>Gains</b>  |                             |  |  |  |  |
| Sale of assets  | 7                           | -                                      | -  | -  | -  |
| Other gains   | 561                         | 537                                    | 420                                      | 420                                      | 420                                      |
| <b>Total gains</b>  | <b>568</b>                  | <b>537</b>                             | <b>420</b>                               | <b>420</b>                               | <b>420</b>                               |
| <b>Total own-source income</b>  | <b>102,480</b>              | <b>119,019</b>                         | <b>69,713</b>                            | <b>68,764</b>                            | <b>61,466</b>                            |
| <b>Net cost of (contribution by) services</b>                               | <b>619,900</b>              | <b>648,717</b>                         | <b>641,371</b>                           | <b>658,103</b>                           | <b>668,346</b>                           |
| Appropriation revenue   | 611,517                     | 648,717                                | 641,371                                  | 658,103                                  | 668,346                                  |
| <b>Surplus (Deficit)</b>  | <b>(8,383)</b>              | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Surplus (Deficit) attributable to the Australian Government</b>          | <b>(8,383)</b>              | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income</b>   | <b>(8,383)</b>              | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income attributable to the Australian Government</b> | <b>(8,383)</b>              | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS</b>                                 |                             |  |  |  |  |
| <b>Financial assets</b>                       |                             |  |  |  |  |
| Cash and equivalents                          | 5,873                       | 8,511                                  | 8,511                                    | 8,511                                    | 8,511                                    |
| Trade and other receivables                   | 182,266                     | 188,452                                | 193,794                                  | 215,064                                  | 224,380                                  |
| Other   | 20,198                      | 20,198                                 | 20,198                                   | 20,198                                   | 20,198                                   |
| <b>Total financial assets</b>                 | <b>208,337</b>              | <b>217,161</b>                         | <b>222,503</b>                           | <b>243,773</b>                           | <b>253,089</b>                           |
| <b>Non-financial assets</b>                   |                             |  |  |  |  |
| Land and buildings                            | 54,472                      | 55,732                                 | 55,406                                   | 49,570                                   | 47,148                                   |
| Infrastructure, plant and equipment           | 2,280                       | 1,678                                  | 1,595                                    | 1,810                                    | 1,784                                    |
| Intangibles                                   | 51,503                      | 79,675                                 | 69,840                                   | 58,969                                   | 49,613                                   |
| Other   | 9,779                       | 9,779                                  | 9,779                                    | 9,779                                    | 9,779                                    |
| <b>Total non-financial assets</b>             | <b>118,034</b>              | <b>146,864</b>                         | <b>136,620</b>                           | <b>120,128</b>                           | <b>108,324</b>                           |
| <b>Total assets</b>                           | <b>326,371</b>              | <b>364,025</b>                         | <b>359,123</b>                           | <b>363,901</b>                           | <b>361,413</b>                           |
| <b>LIABILITIES</b>                            |                             |  |  |  |  |
| <b>Provisions</b>                             |                             |  |  |  |  |
| Employees                                     | 109,241                     | 110,376                                | 108,259                                  | 111,820                                  | 109,703                                  |
| Other   | 13,821                      | 13,821                                 | 13,821                                   | 13,821                                   | 13,821                                   |
| <b>Total provisions</b>                       | <b>123,062</b>              | <b>124,197</b>                         | <b>122,080</b>                           | <b>125,641</b>                           | <b>123,524</b>                           |
| <b>Payables</b>                               |                             |  |  |  |  |
| Suppliers                                     | 42,119                      | 46,146                                 | 39,719                                   | 40,936                                   | 40,565                                   |
| Other   | 28,021                      | 28,021                                 | 28,021                                   | 28,021                                   | 28,021                                   |
| <b>Total payables</b>                         | <b>70,140</b>               | <b>74,167</b>                          | <b>67,740</b>                            | <b>68,957</b>                            | <b>68,586</b>                            |
| <b>Total liabilities</b>                      | <b>193,202</b>              | <b>198,364</b>                         | <b>189,820</b>                           | <b>194,598</b>                           | <b>192,110</b>                           |
| <b>Net assets</b>                             | <b>133,169</b>              | <b>165,661</b>                         | <b>169,303</b>                           | <b>169,303</b>                           | <b>169,303</b>                           |
| <b>EQUITY*</b>                                |                             |  |  |  |  |
| <b>Parent entity interest</b>                 |                             |  |  |  |  |
| Contributed equity                            | 154,290                     | 186,782                                | 190,424                                  | 190,424                                  | 190,424                                  |
| Reserves                                      | 24                          | 24                                     | 24                                       | 24                                       | 24                                       |
| Retained surpluses or<br>accumulated deficits | (21,145)                    | (21,145)                               | (21,145)                                 | (21,145)                                 | (21,145)                                 |
| <b>Total parent entity interest</b>           | <b>133,169</b>              | <b>165,661</b>                         | <b>169,303</b>                           | <b>169,303</b>                           | <b>169,303</b>                           |
| <b>Total equity</b>                           | <b>133,169</b>              | <b>165,661</b>                         | <b>169,303</b>                           | <b>169,303</b>                           | <b>169,303</b>                           |
| <b>Current assets</b>                         | <b>218,116</b>              | <b>226,940</b>                         | <b>232,282</b>                           | <b>253,552</b>                           | <b>262,868</b>                           |
| <b>Non-current assets</b>                     | <b>108,255</b>              | <b>137,085</b>                         | <b>126,841</b>                           | <b>110,349</b>                           | <b>98,545</b>                            |
| <b>Current liabilities</b>                    | <b>70,384</b>               | <b>74,411</b>                          | <b>67,984</b>                            | <b>69,201</b>                            | <b>68,830</b>                            |
| <b>Non-current liabilities</b>                | <b>122,818</b>              | <b>123,953</b>                         | <b>121,836</b>                           | <b>125,397</b>                           | <b>123,280</b>                           |

Prepared on Australian Accounting Standards basis.

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

**Table 3.2.3: Budgeted departmental statement of cash flows (as at 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Goods and services   | 92,915                      | 116,874                                | 75,316                                   | 68,860                                   | 62,225                                   |
| Appropriations   | 603,933                     | 643,163                                | 629,998                                  | 636,317                                  | 657,851                                  |
| Interest   | -                           | 350                                    | -  | -  | -  |
| GST Received   | 31,794                      | 37,263                                 | 36,501                                   | 37,140                                   | 38,747                                   |
| Other  | -                           | 626                                    | 8  | -  | -  |
| <b>Total cash received</b>                                 | <b>728,642</b>              | <b>798,276</b>                         | <b>741,823</b>                           | <b>742,317</b>                           | <b>758,823</b>                           |
| <b>Cash used</b>   |                             |  |  |  |  |
| Employees  | 362,042                     | 366,199                                | 350,270                                  | 355,289                                  | 362,027                                  |
| Suppliers  | 308,817                     | 350,035                                | 317,099                                  | 314,432                                  | 318,612                                  |
| GST Paid   | 31,491                      | 37,263                                 | 36,501                                   | 37,140                                   | 38,747                                   |
| <b>Total cash used</b>                                     | <b>702,350</b>              | <b>753,497</b>                         | <b>703,870</b>                           | <b>706,861</b>                           | <b>719,386</b>                           |
| <b>Net cash from or (used by)<br/>operating activities</b> | <b>26,292</b>               | <b>44,779</b>                          | <b>37,953</b>                            | <b>35,456</b>                            | <b>39,437</b>                            |
| <b>INVESTING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Proceeds from sales of property,<br>plant and equipment    | 38                          | -                                      | -  | -  | -  |
| <b>Total cash received</b>                                 | <b>38</b>                   | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>   |                             |  |  |  |  |
| Purchase of property, plant<br>and equipment               | 31,136                      | 74,633                                 | 41,595                                   | 35,456                                   | 39,437                                   |
| <b>Total cash used</b>                                     | <b>31,136</b>               | <b>74,633</b>                          | <b>41,595</b>                            | <b>35,456</b>                            | <b>39,437</b>                            |
| <b>Net cash from or (used by)<br/>investing activities</b> | <b>(31,098)</b>             | <b>(74,633)</b>                        | <b>(41,595)</b>                          | <b>(35,456)</b>                          | <b>(39,437)</b>                          |
| <b>FINANCING ACTIVITIES</b>                                |                             |  |  |  |  |
| <b>Cash received</b>                                       |                             |  |  |  |  |
| Appropriations - contributed equity                        | 4,500                       | 32,492                                 | 3,642                                    | -  | -  |
| <b>Total cash received</b>                                 | <b>4,500</b>                | <b>32,492</b>                          | <b>3,642</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Cash used</b>   |                             |  |  |  |  |
| <b>Total cash used</b>                                     | <b>-</b>                    | <b>-</b>                               | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net cash from or (used by)<br/>financing activities</b> | <b>4,500</b>                | <b>32,492</b>                          | <b>3,642</b>                             | <b>-</b>                                 | <b>-</b>                                 |
| <b>Net increase or (decrease)<br/>in cash held</b>         | <b>(306)</b>                | <b>2,638</b>                           | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| Cash at the beginning of<br>the reporting period           | 6,179                       | 5,873                                  | 8,511                                    | 8,511                                    | 8,511                                    |
| <b>Cash at the end of the<br/>reporting period</b>         | <b>5,873</b>                | <b>8,511</b>                           | <b>8,511</b>                             | <b>8,511</b>                             | <b>8,511</b>                             |

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)**

|  | Retained earnings | Asset revaluation reserve | Other reserves | Contributed equity/capital | Total equity   |
|--|-------------------|---------------------------|----------------|----------------------------|----------------|
|  | \$'000            | \$'000                    | \$'000         | \$'000                     | \$'000         |
| <b>Opening balance as at 1 July 2009</b>                       |                   |                           |                |                            |                |
| Balance carried forward from previous period                   | (21,145)          | 24                        | -              | 154,290                    | 133,169        |
| <b>Adjusted opening balance</b>                                | <b>(21,145)</b>   | <b>24</b>                 | <b>-</b>       | <b>154,290</b>             | <b>133,169</b> |
| Surplus (deficit) for the period                               | -                 | -                         | -              | -                          | -              |
| <b>Total income and expenses recognised directly in equity</b> | <b>-</b>          | <b>-</b>                  | <b>-</b>       | <b>-</b>                   | <b>-</b>       |
| <b>Transactions with owners</b>                                |                   |                           |                |                            |                |
| <i>Contribution by owners</i>                                  |                   |                           |                |                            |                |
| Appropriation (equity injection)                               |                   |                           |                | 32,492                     | 32,492         |
| <b>Sub-total transactions with owners</b>                      | <b>-</b>          | <b>-</b>                  | <b>-</b>       | <b>32,492</b>              | <b>32,492</b>  |
| <b>Estimated closing balance as at 30 June 2010</b>            | <b>(21,145)</b>   | <b>24</b>                 | <b>-</b>       | <b>186,782</b>             | <b>165,661</b> |

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Capital Budget Statement - Departmental**

|  | Actual        | Revised<br>budget | Forward<br>estimate | Forward<br>estimate | Forward<br>estimate |
|--|---------------|-------------------|---------------------|---------------------|---------------------|
|  | 2008-09       | 2009-10           | 2010-11             | 2011-12             | 2012-13             |
|  | \$'000        | \$'000            | \$'000              | \$'000              | \$'000              |
| <b>CAPITAL APPROPRIATIONS</b>                              |               |                   |                     |                     |                     |
| Total equity injections                                    | 10,588        | 32,492            | 3,642               | -                   | -                   |
| Previous Years Outputs                                     | 5,422         | 6,550             | -                   | -                   | -                   |
| <b>Total capital appropriations</b>                        | <b>16,010</b> | <b>39,042</b>     | <b>3,642</b>        | <b>-</b>            | <b>-</b>            |
| <b>Represented by:</b>                                     |               |                   |                     |                     |                     |
| Purchase of non-financial assets                           | 10,588        | 32,492            | 3,642               | -                   | -                   |
| Other  | 5,422         | 6,550             | -                   | -                   | -                   |
| <b>Total represented by</b>                                | <b>16,010</b> | <b>39,042</b>     | <b>3,642</b>        | <b>-</b>            | <b>-</b>            |
| <b>ACQUISITION OF NON-FINANCIAL ASSETS</b>                 |               |                   |                     |                     |                     |
| Funded by capital appropriations                           | 4,500         | 32,492            | 3,642               | -                   | -                   |
| Funded internally from departmental resources <sup>1</sup> | 30,127        | 42,141            | 37,953              | 35,456              | 39,437              |
| <b>TOTAL</b>   | <b>34,627</b> | <b>74,633</b>     | <b>41,595</b>       | <b>35,456</b>       | <b>39,437</b>       |

Prepared on Australian Accounting Standards basis.

<sup>1</sup> Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- finance leases
- internally developed assets
- s31 relevant agency receipts
- proceeds from the sale of assets

**Table 3.2.6: Statement of Asset Movements (2009-10)**

|  | Buildings     | Other<br>infrastructure,<br>plant and<br>equipment | Heritage<br>and cultural<br>assets | Intangibles   | Total          |
|--|---------------|--|------------------------------------|---------------|----------------|
|  | \$'000        | \$'000   | \$'000                             | \$'000        | \$'000         |
| <b>As at 1 July 2009</b>   |               |  |                                    |               |                |
| Gross book value   | 99,705        | 3,615  | 93                                 | 135,275       | 238,688        |
| Accumulated depreciation/amortisation  | (45,233)      | (1,335)  | -                                  | (83,772)      | (130,340)      |
| <b>Opening net book balance</b>  | <b>54,472</b> | <b>2,280</b>                                       | <b>93</b>                          | <b>51,503</b> | <b>108,348</b> |
| <b>CAPITAL ASSET ADDITIONS</b>   |               |  |                                    |               |                |
| <b>Estimated expenditure on<br/>new or replacement assets</b>                        |               |  |                                    |               |                |
| By purchase or internally developed  | 21,101        | 853  |                                    | 52,679        | 74,633         |
| <b>Acquisition of entities or operations<br/>(including restructuring) sub-total</b> | <b>21,101</b> | <b>853</b>   | <b>-</b>                           | <b>52,679</b> | <b>74,633</b>  |
| <b>Other movements</b>   |               |  |                                    |               |                |
| Depreciation/amortisation expense  | (19,841)      | (1,455)  |                                    | (24,507)      | (45,803)       |
| <b>As at 30 June 2010</b>  |               |  |                                    |               |                |
| Gross book value   | 120,806       | 4,468  | 93                                 | 187,954       | 313,321        |
| Accumulated depreciation/amortisation  | (65,074)      | (2,790)  | -                                  | (108,279)     | (176,143)      |
| <b>Closing net book balance</b>  | <b>55,732</b> | <b>1,678</b>                                       | <b>93</b>                          | <b>79,675</b> | <b>137,178</b> |

Prepared on Australian Accounting Standards basis

**Note:** The numbers in this table are subject to review under the Government's net cash framework as part of the Operation Sunlight Review.

**Table 3.2.7: Capital Budget Statement - Reconciliation of Heritage and Cultural Asset Funding**

This table is not applicable as Medicare Australia receives no funding for heritage and cultural assets. The table heading has been retained to maintain consistency in the numbering of subsequent tables with other agencies and Portfolios.

**Schedule of administered activity**

**Table 3.2.8: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>INCOME ADMINISTERED ON<br/>BEHALF OF GOVERNMENT</b>         |                             |  |  |  |  |
| <b>Revenue</b>   |                             |  |  |  |  |
| <b>Total revenues administered<br/>on behalf of government</b> | -                           | -                                      | -  | -  | -  |
| <b>Gains</b>   |                             |  |  |  |  |
| <b>Total gains administered<br/>on behalf of government</b>    | -                           | -                                      | -  | -  | -  |
| <b>Total income administered<br/>on behalf of government</b>   | -                           | -                                      | -  | -  | -  |
| <b>EXPENSES ADMINISTERED ON<br/>BEHALF OF GOVERNMENT</b>       |                             |  |  |  |  |
| Subsidies  | 4,680                       | 4,381                                  | -  | -  | -  |
| <b>Total expenses administered<br/>on behalf of government</b> | <b>4,680</b>                | <b>4,381</b>                           | -  | -  | -  |

Prepared on Australian Accounting Standards basis.



**Table3.2.9: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

|   | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|---|-----------------------------|--|--|--|--|
| <b>ASSETS ADMINISTERED ON<br/>BEHALF OF GOVERNMENT</b>            |                             |  |  |  |  |
| <b>Financial assets</b>   |                             |  |  |  |  |
| <i>Total financial assets</i>                                     | -                           | -                                      | -  | -  | -  |
| <b>Non-financial assets</b>                                       |                             |  |  |  |  |
| <i>Total non-financial assets</i>                                 | -                           | -                                      | -  | -  | -  |
| <b>Total assets administered<br/>on behalf of government</b>      | -                           | -                                      | -  | -  | -  |
| <b>LIABILITIES ADMINISTERED ON<br/>BEHALF OF GOVERNMENT</b>       |                             |  |  |  |  |
| <b>Interest bearing liabilities</b>                               |                             |  |  |  |  |
| <i>Total interest bearing liabilities</i>                         | -                           | -                                      | -  | -  | -  |
| <b>Provisions</b>   |                             |  |  |  |  |
| <i>Total provisions</i>   | -                           | -                                      | -  | -  | -  |
| <b>Payables</b>   |                             |  |  |  |  |
| Subsidies   | 405                         | -                                      | -  | -  | -  |
| <i>Total payables</i>   | <b>405</b>                  | -                                      | -  | -  | -  |
| <b>Total liabilities administered<br/>on behalf of government</b> | <b>405</b>                  | -                                      | -  | -  | -  |

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of budgeted administered cash flows (for the period ended 30 June)**

|  | Actual<br>2008-09<br>\$'000 | Revised<br>budget<br>2009-10<br>\$'000 | Forward<br>estimate<br>2010-11<br>\$'000 | Forward<br>estimate<br>2011-12<br>\$'000 | Forward<br>estimate<br>2012-13<br>\$'000 |
|--|-----------------------------|--|--|--|--|
| <b>OPERATING ACTIVITIES</b>                            |                             |  |  |  |  |
| Cash received  |                             |  |  |  |  |
| <b>Total cash received</b>                             | -                           | -                                      | -  | -  | -  |
| Cash used  |                             |  |  |  |  |
| Subsidies paid   | 5,676                       | 4,786                                  | -  | -  | -  |
| <b>Total cash used</b>                                 | <b>5,676</b>                | <b>4,786</b>                           | -  | -  | -  |
| <b>Net cash from or (used by) operating activities</b> | <b>(5,676)</b>              | <b>(4,786)</b>                         | -  | -  | -  |
| <b>INVESTING ACTIVITIES</b>                            |                             |  |  |  |  |
| Cash received  |                             |  |  |  |  |
| <b>Total cash received</b>                             | -                           | -                                      | -  | -  | -  |
| Cash used  |                             |  |  |  |  |
| <b>Total cash used</b>                                 | -                           | -                                      | -  | -  | -  |
| <b>Net cash from or (used by) investing activities</b> | -                           | -                                      | -  | -  | -  |
| <b>FINANCING ACTIVITIES</b>                            |                             |  |  |  |  |
| Cash received  |                             |  |  |  |  |
| <b>Total cash received</b>                             | -                           | -                                      | -  | -  | -  |
| Cash used  |                             |  |  |  |  |
| <b>Total cash used</b>                                 | -                           | -                                      | -  | -  | -  |
| <b>Net cash from or (used by) financing activities</b> | -                           | -                                      | -  | -  | -  |
| <b>Net increase or (decrease) in cash held</b>         | <b>(5,676)</b>              | <b>(4,786)</b>                         | -  | -  | -  |
| Cash at beginning of reporting period                  |                             |  |  |  |  |
| Cash from Official Public Account for:                 |                             |  |  |  |  |
| - appropriations                                       | 5,676                       | 4,786                                  | -  | -  | -  |
| <b>Cash at end of reporting period</b>                 | -                           | -                                      | -  | -  | -  |

Prepared on Australian Accounting Standards basis.

**Notes to the financial statements**

The financial statements reflect the entries to the Central Budget Management System (CBMS) as at November 2009.

**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 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.

## PORTFOLIO GLOSSARY

| Term                           | Meaning  |
|--------------------------------|--|
| Activities                     | The actions/functions performed by agencies to deliver government policies.  |
| Actual Available Appropriation | The Actual Available Appropriation indicates the total appropriations available to the agency for 2008-09 as at the 2009-10 Budget. It includes all appropriations made available to the agency in the year (+/- section 32 transfers, formal reductions, Advance to the Finance Minister and movements of funds). It is to be the same as the comparator figure included in the Appropriation Bills, and as such provides a comparison with the appropriation proposed for the budget year. |
| Administered Item              | Appropriation that consists of funding managed on behalf of the Commonwealth. This funding is not at the discretion of the agency and any unspent appropriation is returned to the CRF at the end of the financial year. An administered item is a component of an administered program. It may be a measure but will not constitute a program in its own right.   |
| Agency                         | Generic term for Australian Government General Government Sector entities, including those governed by the FMA Act or CAC Act and the High Court of Australia.   |
| Appropriation                  | An amount of public money parliament authorises for spending (i.e. funds to be withdrawn from the Consolidated Revenue Fund). Parliament makes laws for appropriating money under the Annual Appropriation Acts and under Special Appropriations, with spending restricted to the purposes specified in the Appropriation Acts.  |

|   |   |
|---|---|
| Appropriations and Cash Management Module (ACM) | A module of the Central Budget Management System from which agencies draw down funds from the Consolidated Revenue Fund.  |
| Budget Paper 1 (BP1)                            | Budget Strategy and Outlook. Provides information and analysis on whole of government expenditure and revenue.  |
| Budget Paper 2 (BP2)                            | Budget Measures. Provides a description of each budget measure by portfolio   |
| Budget Paper 3 (BP3)                            | Australia's Federal Relations. Provides information and analysis on Federal funding provided to the States and Territories.   |
| Budget Paper 4 (BP4)                            | Agency Resourcing. Details total resourcing available to agencies.  |
| Central Budget Management System (CBMS)         | CBMS is the Australian Government's central budget and financial management information system administered by the Department of Finance and Deregulation. It contains the Commonwealth program list and produces the Annual Appropriation Bills.   |
| Clear Read Principle                            | Under the Outcomes arrangements there is an essential clear link between the Appropriation Bills, the PB Statements, the Portfolio Additional Estimates Statements (PAES), and annual reports of agencies. Information should be consistent across these and other budget documents, and where possible, duplication of reporting within the PB Statements should be avoided. This is called the "clear read" between the different documents. Under this Principle the planned performance in PB Statements is to be provided on the same basis as actual performance in the annual reports covering the same period, to permit a clear read across planning and actual performance reporting documents. Agencies should take this into account in designing their performance reporting arrangements. |
| Consolidated Revenue Fund (CRF)                 | The principal operating fund from which money is drawn to pay for the activities of the Government. Section 81 of the Australian Constitution provides  |

## Glossary

|   |   |
|---|---|
|   | <p>that all revenue raised or monies received by the Executive Government forms one consolidated revenue fund from which appropriations are made for the purposes of the Australian Government.</p>   |
| Departmental Item                                       | <p>Resources (assets, liabilities, revenues and expenses) that agency Chief Executive Officers control directly. This includes outsourced activities funded and controlled by the agency. Examples of departmental items include agency running costs, accrued employee entitlements and net appropriations. A departmental item is an component of a departmental program.</p>   |
| Estimated Actual Expenses                               | <p>Details of the current year's estimated final figures as included in the Budget documentation. As the Budget is released in May each year, but the financial year does not close off until 30 June, the current year numbers that are used for comparison with Budget amounts can only be estimates.</p>   |
| Expenses not requiring appropriation in the Budget year | <p>Expenses not involving a cash flow impact are not included within the calculation of an appropriation. An example of such an event is goods or services received free of charge that are then expensed: e.g. ANAO audit services – the ANAO does not charge for audit services however the expense must be recognised. Similarly, bad debts are recognised as an expense but are not recognised for the purpose of calculating appropriation amounts to be sought from Parliament.</p> |
| Forward Estimates Period                                | <p>The three years following the budget year. For example if 2009-10 is the budget year, 2010-11 is forward year 1, 2011-12 is forward year 2 and 2012-13 is forward year 3. This period does not include the current or budget year.</p>   |
| General Government Sector (GGS)                         | <p>A Government Finance Statistics' classification of all entities that are controlled and largely funded by the Commonwealth Government. The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user</p>   |

charging and external funding. This sector comprises all government departments, offices and some other bodies.

|                               |   |
|-------------------------------|---|
| Intended Result               | Intended result is a key part of an outcome statement and describes the goal or objective of an agency. The intended result is typically distilled from the Government's economic, social, health or environmental policy goals.  |
| Measure                       | A new policy or savings decision of the government with financial impacts on the government's: underlying cash balance; fiscal balance; operating balance; headline cash balance; net debt or net worth. Such proposals are normally made in the context of the annual Budget, and are typically published in Budget Paper No. 2, in the Mid-Year Economic and Fiscal Outlook (MYEFO) and in the Pre-election Economic and Fiscal Outlook (PEFO).   |
| Official Public Account (OPA) | The OPA is the government's central bank account held within the Reserve Bank of Australia. The OPA reflects the operations of the Consolidated Revenue Fund.   |
| Outcome                       | An outcome is the intended result, consequence or impact of Government actions on the Australian community.   |
| Outcome Statement             | An outcome statement articulates the intended results, activities and target group of an Australian Government agency. An outcome statement serves three main purposes within the financial framework: 1. to explain and control the purposes for which annual appropriations are approved by the Parliament for use by agencies; 2. to provide a basis for annual budgeting, including (financial) reporting against the use of appropriated funds; and 3. to measure and assess agency and program (non-financial) performance in contributing to Government policy objectives. |

## *Glossary*

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| Output                                      | The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs include goods and services produced for other areas of government external to the agency. |
| Portfolio Budget Statements (PB Statements) | Budget related paper detailing budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.   |
| Program                                     | Activity that delivers benefits, services or transfer payments to individuals, industry and/or the community as a whole, with the aim of achieving the intended result specified in an outcome statement.        |
| Program Support                             | The agency running costs allocated to a program. This is funded as part of the agency's departmental appropriations.   |
| Target Group                                | A specific group being targeted for assistance by government policy.   |
| Transfer                                    | Cash paid to recipients of the applicable program. This includes welfare payments and tax rebates.   |