



**BUDGET**★

PORTFOLIO BUDGET STATEMENTS 2009-10  
**BUDGET RELATED PAPER NO. 1.11**

**HUMAN SERVICES PORTFOLIO**

BUDGET INITIATIVES AND EXPLANATIONS  
APPROPRIATIONS SPECIFIED BY OUTCOMES  
AND PROGRAMS BY AGENCY

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**SENATOR THE HON JOE LUDWIG**

Minister for Human Services  
Manager of Government Business in the Senate  
Senator for Queensland

President of the Senate  
Australian Senate  
Parliament House  
CANBERRA ACT 2600

Speaker  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President  
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2009-10 Budget for the Human Services Portfolio.

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

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

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Joe Ludwig', written in dark ink. The signature is positioned above the printed name and title.

JOE LUDWIG  
Minister for Human Services

7.5.09.

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## **Abbreviations and conventions**

The following notation may be used:

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\$m	not for publication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

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

## **Enquiries**

Should you have any enquiries regarding this publication please contact Jennifer Gale , Chief Financial Officer, 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 BUDGET  
STATEMENTS**

## USER GUIDE

The purpose of the 2009-10 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriation acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2009-10 (or Appropriation Bill [Parliamentary Departments] No. 1 2009-10 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

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

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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 AAOs of 25 January 2008 clarified the Department's responsibility for the development of policy or service delivery, directed at ensuring the effective, innovative, and efficient delivery of Government services. The Department works with other departments and agencies 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 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 childrens' 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)*

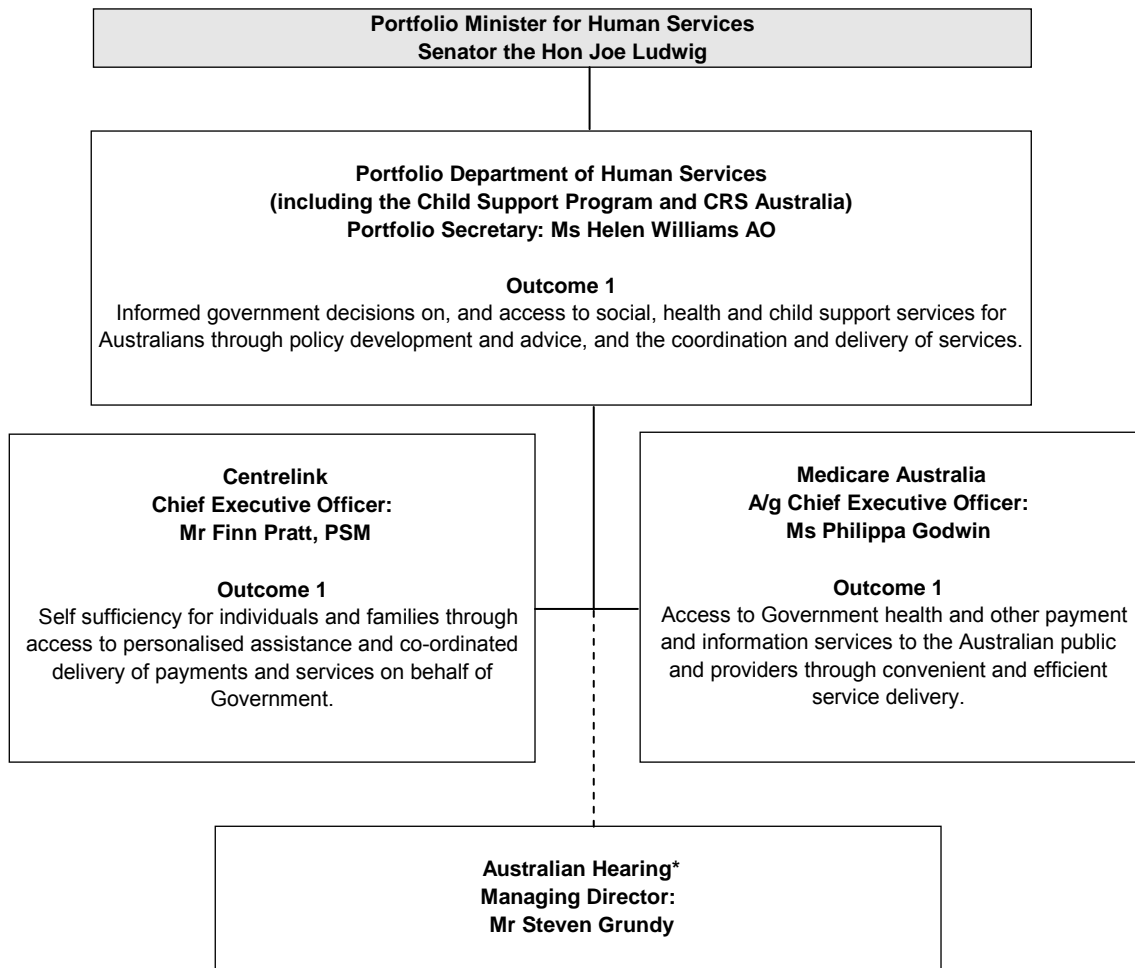
- **Australian Hearing** is one of the largest hearing service providers in the world and is dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21,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

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 total resources provided to the portfolio in the 2009-10 budget year, by agency.

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

	Appropriation			Receipts	Total
	Bill No. 1 \$m	Bill No. 2 \$m	Special \$m	\$m	\$m
<b>Department of Human Services</b>					
Administered appropriations	7	-	85	1,207	1,299
Departmental appropriations	558	8	-	204	770
<b>Total:</b>	<b>566</b>	<b>8</b>	<b>85</b>	<b>1,411</b>	<b>2,069</b>
<b>Centrelink</b>					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,861	10	-	172	3,044
<b>Total:</b>	<b>2,861</b>	<b>10</b>	<b>-</b>	<b>172</b>	<b>3,044</b>
<b>Medicare Australia</b>					
Administered appropriations	4	-	-	239	244
Departmental appropriations	650	39	-	82	771
<b>Total:</b>	<b>654</b>	<b>39</b>	<b>-</b>	<b>321</b>	<b>1,015</b>
<b>Portfolio total</b>					<b>6,128</b>
Less amounts transferred within Portfolio					-
					<b>Resources available within Portfolio: 6,128</b>

Discrepancies in the table between totals and sums of components are due to rounding.

# AGENCY RESOURCES AND PLANNED PERFORMANCE

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# **Department of Human Services**

## **Agency resources and planned performance**



# 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 drives the development of service delivery policy and coordinates and oversees the delivery of innovative and cost effective social, health, child support and rehabilitation services to Australians.

It 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, Australian Hearing, Centrelink and Medicare Australia. On 1 April 2009, Health Services Australia (HSA) merged with Medibank Private Limited into a combined entity and is no longer part of the Human Services Portfolio.

The Department of Human Services' key strategies are set out below:

- working with other 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

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Department of Human Services resource statement — Budget estimates for 2009-10 as at Budget May 2009**

	Estimate of prior + year amounts available in 2009-10 \$'000	Proposed at Budget = 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
<b>Ordinary Annual Services<sup>1</sup></b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation <sup>4</sup>	184,005	-	184,005	181,962
Departmental appropriation		558,258	558,258	496,458
S.31 Relevant agency receipts <sup>3</sup>	-	204,186	204,186	219,129
<b>Total</b>	<b>184,005</b>	<b>762,444</b>	<b>946,449</b>	<b>897,549</b>
<b>Administered expenses</b>				
Outcome 1	-	7,445	7,445	172,730
<b>Total</b>	<b>-</b>	<b>7,445</b>	<b>7,445</b>	<b>172,730</b>
<b>Total ordinary annual services</b>	<b>A 184,005</b>	<b>769,889</b>	<b>953,894</b>	<b>1,070,279</b>
<b>Departmental non-operating<sup>2</sup></b>				
Equity injections	-	-	-	1,835
Previous years' outputs	-	7,779	7,779	5,329
<b>Total</b>	<b>-</b>	<b>7,779</b>	<b>7,779</b>	<b>7,164</b>
<b>Total other services</b>	<b>B -</b>	<b>7,779</b>	<b>7,779</b>	<b>7,164</b>
<b>Total Available Annual Appropriations</b>	<b>184,005</b>	<b>777,668</b>	<b>961,673</b>	<b>1,077,443</b>
<b>Special appropriations</b>				
<b>Special appropriations limited by criteria/entitlement</b>				
Child Support (Registration and Collection) Act 1988				
Section 77 - unremitted deductions	-	84,520	84,520	78,759
Section 78 - unexplained remittances	-	50	50	50
<b>Total special appropriations</b>	<b>C -</b>	<b>84,570</b>	<b>84,570</b>	<b>78,809</b>

**Table 1.1: Department of Human Services resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)**

	Estimate of prior <sup>+</sup> year amounts available in 2009-10 \$'000	Proposed at Budget <sup>=</sup> 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
<b>Special Accounts</b>				
Opening balance <sup>5</sup>	28,348	-	28,348	22,095
Appropriation receipts <sup>6</sup>		88,799	88,799	82,487
Non-appropriation receipts to Special Accounts	-	1,206,875	1,206,875	1,055,878
<b>Total Special Account</b>	<b>D 28,348</b>	<b>1,295,674</b>	<b>1,324,022</b>	<b>1,160,460</b>
<b>Total resourcing</b>				
A+B+C+D	<b>212,353</b>	<b>2,157,912</b>	<b>2,370,265</b>	<b>2,316,712</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	88,799	88,799	82,487
<b>Total net resourcing for Department of Human Services</b>	<b>212,353</b>	<b>2,069,113</b>	<b>2,281,466</b>	<b>2,234,225</b>

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

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

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

<sup>4</sup> Estimated adjusted balance carried from previous year for Annual Appropriations

<sup>5</sup> Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.

<sup>6</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 Payments from and on behalf of other agencies

	2009-10 \$'000	2008-09 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental section 31)		
- Department of Education, Employment and Workplace Relations	168,138	182,881
Payments made to other agencies for the provision of services		
- Centrelink	1,960	82,484

### 1.3 BUDGET MEASURES

Budget measures relating to the Department of Human Services are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Department of Human Services 2009-10 Budget measures**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Expense measures</b>						
Closing the Gap - Northern Territory - income Management - additional funding						
Administered expenses	1.1	-	3,216	-	-	-
Departmental expenses	1.1	-	4,331	-	-	-
Service delivery reform - further development of initiatives						
Departmental expenses	1.1	-	4,986	-	-	-
Income management in cases of child neglect and by voluntary choice - continuation of trial						
Departmental expenses	1.1	-	84	-	-	-
Child Support Agency - additional funding						
Departmental expenses	1.1	-	64,657	47,417	54,567	56,565
Care determinations - alignment across Family Assistance Office and Child Support Program						
Departmental expenses	1.1	-	3,780	4,825	(5,861)	(10,311)
Child Support Agency - income reconciliation						
Departmental expenses	1.1	-	26,618	28,909	-	-
Job capacity assessments - additional assessments						
Administered expenses	1.3	-	(129,202)	(123,837)	(123,837)	(124,816)
Departmental expenses	1.1	-	(2,810)	(1,832)	(1,772)	(1,659)
Victorian bushfires - assistance						
Administered expenses	1.1	19	-	-	-	-
Departmental expenses	1.1	3,673	1,005	-	-	-
<b>Total expense measures</b>						
Administered		19	(125,986)	(123,837)	(123,837)	(124,816)
Departmental		3,673	102,651	79,319	46,934	44,595
<b>Total</b>		<b>3,692</b>	<b>(23,335)</b>	<b>(44,518)</b>	<b>(76,903)</b>	<b>(80,221)</b>

**Prepared on a Government Financial Statistics (fiscal) basis**

1. The lead agency for measures Closing the Gap - Northern Territory - Income Management, Income management in cases of child neglect and by voluntary choice - continuation of trial, Care Determinations - alignment across Family Assistance Office and Child Support Agency, and Victorian bushfires-assistance is the Department of Families, Housing, Community Services and Indigenous Affairs.
2. The lead agency for Job capacity assessments - additional assessments is the Department of Education, Employment and Workplace Relations.

Note: Child Support Agency is an activity of the Department of Human Services.



## 1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

**Figure 2: Transition table**

### Transition from Outputs to Programs Framework

#### 2008-09 Budget year

Outcome 1: Effective and efficient delivery of social and health related services, including financial assistance to the Australian community.

Output Group 1.1: Core Department	
Administered Items:	
<i>Job Capacity Assessment</i> <sup>1</sup>	
<i>Other Administered</i>	P 1.1
Departmental Outputs:	
<i>Core Department</i>	P 1.1

Output Group 1.2: Child Support	
Administered Items:	
<i>Child Support (Registration and Collection) Act 1988</i>	P 1.2
<i>Special Appropriation - Child Support s77 - Unremitted Deductions</i>	P 1.2
<i>Special Appropriation - Child Support s78 - Unexplained Remittance</i>	P 1.2
<i>Special Account - Child Support Trust</i>	P 1.2
Departmental Outputs:	
<i>Child Support</i>	P 1.1

Output Group 1.3: CRS Australia	
Departmental Outputs:	
<i>CRS Australia</i>	P 1.1

#### 2009-10 Budget year

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.

Program 1.1: Human Services	
Administered Items:	
<i>Other Administered</i>	OG 1.1
Departmental Items:	
<i>Central Department</i>	OG 1.1
<i>Child Support</i>	OG 1.2
<i>CRS Australia</i>	OG 1.3

Program 1.2: Child Support	
Administered Items:	
<i>Child Support (Registration and Collection) Act 1988</i>	OG 1.2
<i>Special Appropriation - Child Support s77 - Unremitted Deductions</i>	OG 1.2
<i>Special Appropriation - Child Support s78 - Unexplained Remittance</i>	OG 1.2
<i>Special Account - Child Support Trust</i>	OG 1.2

<sup>1</sup> From 1 July 2009 the Department of Education, Employment and Workplace Relations will administer the Job Capacity Assessment program.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Human Services in achieving government outcomes.

**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.**

#### **Outcome 1 Strategy**

- The Department of Human Services drives the development and delivery of innovative and cost effective government programs for Australians, in partnership with Portfolio agencies, departments and the community.

**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: 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>	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
<b>Program 1.1: Human Services</b>		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	173	3,216
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	504,237	558,258
Revenues from independent sources (Section 31)	213,540	204,186
Expenses not requiring appropriation in the Budget year	(6,941)	(1,212)
<b>Total for Program 1.1</b>	<b>711,009</b>	<b>764,448</b>
<b>Program 1.2: Child Support</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,678	4,229
Special appropriations	78,809	84,570
Special Accounts	996,915	1,125,656
Expenses not requiring appropriation in the Budget year	97,510	84,051
<b>Total for Program 1.2</b>	<b>1,176,912</b>	<b>1,298,506</b>
<b>Program 1.3: Job Capacity Assessments</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	169,052	-
<b>Total for Program 1.3</b>	<b>169,052</b>	<b>-</b>
<b>Outcome 1 Totals by appropriation type</b>		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	172,903	7,445
Special Appropriations	78,809	84,570
Special Accounts	996,915	1,125,656
Expenses not requiring appropriation in the Budget year	97,510	84,051
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	504,237	558,258
Revenues from independent sources (Section 31)	213,540	204,186
Expenses not requiring appropriation in the Budget year	(6,941)	(1,212)
<b>Total expenses for Outcome 1</b>	<b>2,056,973</b>	<b>2,062,954</b>
	2008-09	2009-10
<b>Average Staffing Level (number)</b>	<b>5,549</b>	<b>6,174</b>

## Contributions to Outcome 1

### Program 1.1: Human Services

#### Program objective

- The Department works with policy departments to influence the development of policy that incorporates sound and innovative service delivery. It also provides leadership at a whole-of-government level so that service delivery implementation issues are taken into account in policy design and decision-making.
- The Department also administers the Child Support Program on behalf of the government. This is achieved through the provision of support to separated parents to help them provide the financial and emotional support necessary for their children's wellbeing, and by providing assessment, registration, collection, enforcement and disbursement services taking into account their individual circumstances.
- The Department also includes CRS Australia which aims to meet the needs of referrers, employers and individuals by providing high quality disability employment, assessment and injury management services.

#### Program expenses

- Government and non-government revenues earned by CRS Australia are likely to be affected by the rate of unemployment and the capacity to gain employment for job seekers in the difficult economic climate. The extent of the impact is not known.
- Funding is provided to maintain customer services for separated parents and to prevent any further growth in uncollected child support.

#### Program Expenses 1.1 Human Services

('000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual Departmental Expenses:					
<i>Departmental Appropriation</i>	504,237	558,258	523,112	496,750	499,405
<i>Revenues from other sources (s31)</i>	213,540	204,186	199,784	198,651	198,680
<i>Expenses not requiring Appropriation in the Budget year</i>	(6,941)	(1,212)	(1,860)	(1,860)	(1,859)
Annual Administered Expenses:					
<i>Other administered</i>	173	3,216	-	-	-
<b>Total Program Expenses</b>	<b>711,009</b>	<b>764,448</b>	<b>721,036</b>	<b>693,541</b>	<b>696,226</b>

**Program 1.1 Deliverables**

- Provision of advice on the development of service delivery policy and programs, the coordination and development of specific initiatives on behalf of Government and the governance of service delivery performance involving portfolio agencies and programs within the Department, including the Child Support Program and CRS Australia.
- Delivery of child support assessment, registration, collection and disbursement services and support to separated parents, through the Child Support Program.
- Delivery of expert assessment, injury management and employment services to assist people who have a disability or injury to get and keep a job, through CRS Australia. All services and funding are demand driven.

**Program 1.1 Key Performance Indicators**

- Minister is satisfied with the quality, timeliness and relevance of departmental advice for decision making.
- Key initiatives (such as service delivery reform, fraud and compliance, the income management card and the Commonwealth Spatial Data Integration Project) are delivered within agreed timeframes and budgets.
- Child Support customers' transfer payments are managed efficiently and effectively.
- Separated parents and the community are satisfied with the quality of child support services provided.
- CRS Australia remains certified against Disability Services Standards and other system accreditation requirements.
- CRS Australia maximises workforce participation rates for government and non-government organisations consistent with or above market performance.
- CRS Australia meets various contract requirements for government and non-government organisations.

**Program 1.1 Key Performance Indicators**

<b>Program Key Performance Indicators</b>					
	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Briefs are submitted within agreed timeframes and meeting a standard of satisfactory or above.	95%	95%	95%	95%	95%
Ministerial replies to correspondence are submitted within agreed timeframes.	95%	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

*DHS Budget Statements*

<b>Program Key Performance Indicators</b>					
Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Customer satisfaction with Child Support services is maintained.	70%	70%	70%	70%	70%
Cost per child support case.	\$564.13	\$637.98	\$602.49	\$563.58	\$558.30
Cost per dollar of child support transferred.	16.15 cents	17.73 cents	16.13 cents	14.57 cents	13.95 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%

**Program 1.2: Child Support**

**Program objective**

- The Child Support Scheme is designed to ensure that both parents contribute to the cost of their children, according to their capacity. The scheme is expected to transfer \$2.99 billion between parents for the benefits of just over 1.1 million children in 2009-10.

**Program expenses**

- Movement in Program expenses across the forward years is due to increases in amounts of child support being transferred between parents.

**Program Expenses 1.2 Child Support**

('000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual Administered Expenses:					
<i>Child Support dishonoured cheques</i>	3,678	4,229	4,433	4,542	4,659
Special Appropriations:					
<i>Child Support s77 - unremitted deductions</i>	78,759	84,520	88,625	90,788	93,117
<i>Child Support s78 - unexplained remittances</i>	50	50	50	50	50
Special Account Expenses:					
<i>Child Support Trust</i>	996,915	1,125,656	1,176,974	1,204,330	1,233,828
Expenses not requiring Appropriation in the Budget year					
<i>Net write down of assets:</i>					
<i>Receivables</i>	97,510	84,051	84,616	85,250	85,975
<b>Total Program Expenses</b>	<b>1,176,912</b>	<b>1,298,506</b>	<b>1,354,698</b>	<b>1,384,960</b>	<b>1,417,629</b>

**Program 1.2 Deliverables**

- Collect and disburse child support payments.



**Program 1.2 Key Performance Indicators**

<b>Program Key Performance Indicators</b>					
Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Total amount of child support transferred between parents in a timely manner	\$2.8 billion	\$3.0 billion	\$3.2 billion	\$3.3 billion	\$3.5 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)	52%	52%	52%	52%	52%

**Program 1.3: Job Capacity Assessments**

- From 1 July 2009, the Department of Education, Employment and Workplace Relations will administer this program.

**Program Expenses 1.3 Job Capacity Assessments**

(’000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual Administered Expenses:					
Job Capacity Assessments	169,052	-	-	-	-
<b>Total Program Expenses</b>	<b>169,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

**Table 3.1.1: Movement of administered funds between years**

Department of Human Services has no movement of administered funds approved since the 2008-09 Additional Estimates.

#### 3.1.2 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by Department of Human Services.

**Table 3.1.2: Estimates of Special Account cash flows and balances**

		Opening balance <b>2009-10</b> 2008-09	Receipts <b>2009-10</b> 2008-09	Payments <b>2009-10</b> 2008-09	Adjustments <b>2009-10</b> 2008-09	Closing balance <b>2009-10</b> 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Child Support Account (A)	1	<b>28,348</b> 22,095	<b>1,295,674</b> 1,138,365	<b>1,295,674</b> 1,132,112	- -	<b>28,348</b> 28,348
<b>Total Special Accounts</b>						
<b>2009-10 Budget estimate</b>		<b>28,348</b>	<b>1,295,674</b>	<b>1,295,674</b>	-	<b>28,348</b>
<i>Total Special Accounts</i>						
<i>2008-09 estimate actual</i>		22,095	1,138,365	1,132,112	-	28,348

(A) = Administered

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other \$'000	Total Program \$'000	
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	<b>Outcome 1</b>						
<b>Department of Human Services</b>							
Administered 2009-10	3,216	-	-	3,216	-	3,216	1.1
<i>Administered 2008-09</i>	<i>154</i>	-	-	<i>154</i>	<i>475</i>	<i>629</i>	<i>1.1, 1.3</i>
Departmental 2009-10	5,408	-	-	5,408	-	5,408	1.1
<i>Departmental 2008-09</i>	<i>10,966</i>	-	-	<i>10,966</i>	-	<i>10,966</i>	<i>1.1</i>
<b>Total Outcome 2009-10</b>	<b>8,624</b>	-	-	<b>8,624</b>	-	<b>8,624</b>	
<i>Total Outcome 2008-09</i>	<i>11,120</i>	-	-	<i>11,120</i>	<i>475</i>	<i>11,595</i>	
<b>Total Administered 2009-10</b>	<b>3,216</b>	-	-	<b>3,216</b>	-	<b>3,216</b>	
<i>Total Administered 2008-09</i>	<i>154</i>	-	-	<i>154</i>	<i>475</i>	<i>629</i>	
<b>Total Departmental 2009-10</b>	<b>5,408</b>	-	-	<b>5,408</b>	-	<b>5,408</b>	
<i>Total Departmental 2008-09</i>	<i>10,966</i>	-	-	<i>10,966</i>	-	<i>10,966</i>	
<b>Total AGIE 2009-10</b>	<b>8,624</b>	-	-	<b>8,624</b>	-	<b>8,624</b>	
<i>Total AGIE 2008-09</i>	<i>11,120</i>	-	-	<i>11,120</i>	<i>475</i>	<i>11,595</i>	

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

Agency resource statement in Table 1.1 shows how the 2008-09 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), receipts from other sources, and special account receipts.

A brief analysis of the Department of Human Services budgeted financial statements is provided below.

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental Comprehensive Income Statement**

Departmental appropriation revenue increases by \$54.0 million in 2009-10 mainly reflecting increased funding for the Child Support activity (\$70.2m). Increased appropriation revenue has been offset by decreases in Northern Territory Income Management funding (-\$5.3m), Service Delivery Reform (-\$5.0m), transfer of the Job Capacity Assessment program to the Department of Education, Employment and Workplace Relations (-\$2.8m) and savings arising from the Information and Communication Technology Review (-\$2.3m). The decline in appropriation revenue after 2009-10 mainly reflects funding for Child Support activity.

#### **Departmental Budgeted Balance Sheet and Cashflow**

Major movements in the Department's Balance Sheet and Cashflow are mostly the result of review of operating and capital expenditure activities. Employee provision has increased by \$2.3 million due partially to the impact on employee provision from the decrease in Government Bond rate.

#### **Administered Budgeted Financial Statements**

Revenue administered on behalf of the government has increased by \$148.6 million in 2009-10. This increase includes an additional \$114.3 million in Child Support maintenance revenue as a consequence of the increased funding for the Child Support activity. The transfer of Commonwealth's shares in Health Services Australia (HSA) to Medibank Private Limited has resulted in HSA returning \$27.0 million of its retained earnings as special dividend to the Commonwealth in 2009-10.

Expenses on behalf of the government have decreased by \$44.4 million. This mainly reflects the transfer of Job Capacity Assessment program to the Department of Education, Employment and Workplace Relations (-\$169.0m), offset by an increase in child maintenance expenses (\$135.0m).

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>EXPENSES</b>					
Employee benefits	432,041	457,188	442,299	419,446	418,744
Supplier	248,303	270,850	246,041	242,423	248,305
Depreciation and amortisation	28,711	31,264	30,813	29,769	27,250
Write-down and impairment of assets	58	58	58	58	58
Finance costs	334	483	436	456	480
Other	1,389	1,389	1,389	1,389	1,389
<b>Total expenses</b>	<b>710,836</b>	<b>761,232</b>	<b>721,036</b>	<b>693,541</b>	<b>696,226</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	211,421	203,686	199,284	198,151	198,180
Other revenue	2,119	500	500	500	500
<b>Total revenue</b>	<b>213,540</b>	<b>204,186</b>	<b>199,784</b>	<b>198,651</b>	<b>198,680</b>
<b>Total own-source income</b>	<b>213,540</b>	<b>204,186</b>	<b>199,784</b>	<b>198,651</b>	<b>198,680</b>
<b>Net cost of (contribution by) services</b>	<b>497,296</b>	<b>557,046</b>	<b>521,252</b>	<b>494,890</b>	<b>497,546</b>
Appropriation revenue	504,237	558,258	523,112	496,750	499,405
<b>Surplus (Deficit)</b>	<b>6,941</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>6,941</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)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	19,919	16,379	16,320	17,927	19,478
Trade and other Receivables	202,700	207,541	223,434	224,401	242,651
Other	1,931	1,931	2,431	2,431	2,431
<b>Total financial assets</b>	<b>224,550</b>	<b>225,851</b>	<b>242,185</b>	<b>244,759</b>	<b>264,560</b>
<b>Non-financial assets</b>					
Land and buildings	47,773	52,659	47,306	55,878	48,277
Infrastructure, plant and equipment	5,565	4,933	3,637	1,168	641
Intangibles	32,992	26,901	18,080	11,831	5,112
Other	4,583	4,583	4,583	4,583	4,583
<b>Total non-financial assets</b>	<b>90,913</b>	<b>89,076</b>	<b>73,606</b>	<b>73,460</b>	<b>58,613</b>
<b>Total assets</b>	<b>315,463</b>	<b>314,927</b>	<b>315,791</b>	<b>318,219</b>	<b>323,173</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	16,398	13,848	11,395	9,373	7,385
<b>Total interest bearing liabilities</b>	<b>16,398</b>	<b>13,848</b>	<b>11,395</b>	<b>9,373</b>	<b>7,385</b>
<b>Provisions</b>					
Employees	97,998	101,563	103,603	105,302	109,363
Other	13,307	12,349	12,785	13,242	13,722
<b>Total provisions</b>	<b>111,305</b>	<b>113,912</b>	<b>116,388</b>	<b>118,544</b>	<b>123,085</b>
<b>Payables</b>					
Suppliers	31,333	30,328	29,309	29,743	30,285
Other	6,550	6,350	6,350	6,350	6,350
<b>Total payables</b>	<b>37,883</b>	<b>36,678</b>	<b>35,659</b>	<b>36,093</b>	<b>36,635</b>
<b>Total liabilities</b>	<b>165,586</b>	<b>164,438</b>	<b>163,442</b>	<b>164,010</b>	<b>167,105</b>
<b>Net assets</b>	<b>149,877</b>	<b>150,489</b>	<b>152,349</b>	<b>154,209</b>	<b>156,068</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	96,876	96,276	96,276	96,276	96,276
Reserves	2,582	2,582	2,582	2,582	2,582
Retained surpluses or accumulated deficits	50,419	51,631	53,491	55,351	57,210
<b>Total parent entity interest</b>	<b>149,877</b>	<b>150,489</b>	<b>152,349</b>	<b>154,209</b>	<b>156,068</b>
<b>Total equity</b>	<b>149,877</b>	<b>150,489</b>	<b>152,349</b>	<b>154,209</b>	<b>156,068</b>
<b>Current assets</b>	<b>229,133</b>	<b>230,434</b>	<b>246,768</b>	<b>249,342</b>	<b>269,143</b>
<b>Non-current assets</b>	<b>86,330</b>	<b>84,493</b>	<b>69,023</b>	<b>68,877</b>	<b>54,030</b>
<b>Current liabilities</b>	<b>120,795</b>	<b>121,630</b>	<b>121,817</b>	<b>123,281</b>	<b>126,708</b>
<b>Non-current liabilities</b>	<b>44,791</b>	<b>42,808</b>	<b>41,625</b>	<b>40,729</b>	<b>40,397</b>

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	209,181	201,746	196,844	196,211	196,240
Appropriations	495,819	552,994	507,222	495,945	481,208
GST received	47,160	48,919	44,908	45,825	44,847
Other	9,948	2,440	2,440	2,440	2,440
<b>Total cash received</b>	<b>762,108</b>	<b>806,099</b>	<b>751,414</b>	<b>740,421</b>	<b>724,735</b>
<b>Cash used</b>					
Employees	434,775	453,543	440,258	417,748	414,681
Suppliers	250,229	276,450	249,775	244,429	249,806
GST paid	47,032	49,030	44,908	45,825	44,847
Other	1,189	1,189	1,189	1,189	1,389
<b>Total cash used</b>	<b>733,225</b>	<b>780,212</b>	<b>736,130</b>	<b>709,191</b>	<b>710,723</b>
<b>Net cash from or (used by) operating activities</b>	<b>28,883</b>	<b>25,887</b>	<b>15,284</b>	<b>31,230</b>	<b>14,012</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	31,270	29,427	15,343	29,623	12,461
<b>Total cash used</b>	<b>31,270</b>	<b>29,427</b>	<b>15,343</b>	<b>29,623</b>	<b>12,461</b>
<b>Net cash from or (used by) investing activities</b>	<b>(31,270)</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	10,134	-	-	-	-
<b>Total cash received</b>	<b>10,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>10,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>7,747</b>	<b>(3,540)</b>	<b>(59)</b>	<b>1,607</b>	<b>1,551</b>
Cash at the beginning of the reporting period	12,172	19,919	16,379	16,320	17,927
<b>Cash at the end of the reporting period</b>	<b>19,919</b>	<b>16,379</b>	<b>16,320</b>	<b>17,927</b>	<b>19,478</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 \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2009</b>					
Balance carried forward from previous period	50,419	2,582	-	96,876	149,877
<b>Adjusted opening balance</b>	<b>50,419</b>	<b>2,582</b>	<b>-</b>	<b>96,876</b>	<b>149,877</b>
Surplus (deficit) for the period	1,212	-	-	-	1,212
<b>Total income and expenses 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 as at 30 June 2010</b>	<b>51,631</b>	<b>2,582</b>	<b>-</b>	<b>96,276</b>	<b>150,489</b>



**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'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>	29,435	29,427	15,343	29,623	12,461
<b>TOTAL</b>	<b>31,270</b>	<b>29,427</b>	<b>15,343</b>	<b>29,623</b>	<b>12,461</b>

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

- annual and prior year appropriations
- internally developed assets
- s31 relevant agency receipts

**Table 3.2.6: Statement of Asset Movements - Departmental**

	Land	Buildings	Other Intangibles infrastructure, plant and equipment	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2009</b>					
Gross book value	558	64,785	12,820	90,238	168,401
Accumulated depreciation/amortisation	-	(17,570)	(7,255)	(57,246)	(82,071)
<b>Opening net book balance</b>	<b>558</b>	<b>47,215</b>	<b>5,565</b>	<b>32,992</b>	<b>86,330</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase or internally developed	-	17,137	3,480	8,810	29,427
<b>Acquisition of entities or operations (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	558	81,922	16,300	99,048	197,828
Accumulated depreciation/amortisation	-	(29,821)	(11,367)	(72,147)	(113,335)
<b>Closing net book balance</b>	<b>558</b>	<b>52,101</b>	<b>4,933</b>	<b>26,901</b>	<b>84,493</b>

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	77,426	85,424	89,121	91,112	93,261
<b>Total taxation</b>	<b>77,426</b>	<b>85,424</b>	<b>89,121</b>	<b>91,112</b>	<b>93,261</b>
<b>Non-taxation</b>					
Dividends	6,725	32,440	6,331	6,331	6,331
Competitive neutrality revenue	4,765	5,381	6,441	6,441	6,441
Other sources of non-taxation revenues	1,106,085	1,220,348	1,273,157	1,301,595	1,332,297
<b>Total non-taxation</b>	<b>1,117,575</b>	<b>1,258,169</b>	<b>1,285,929</b>	<b>1,314,367</b>	<b>1,345,069</b>
<b>Total revenues administered on behalf of Government</b>	<b>1,195,001</b>	<b>1,343,593</b>	<b>1,375,050</b>	<b>1,405,479</b>	<b>1,438,330</b>
<b>Total income administered on behalf of Government</b>	<b>1,195,001</b>	<b>1,343,593</b>	<b>1,375,050</b>	<b>1,405,479</b>	<b>1,438,330</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	169,206	3,216	-	-	-
Write down and impairment of assets	97,510	84,051	84,616	85,250	85,975
Other	1,079,421	1,214,455	1,270,082	1,299,710	1,331,654
<b>Total expenses administered on behalf of Government</b>	<b>1,346,137</b>	<b>1,301,722</b>	<b>1,354,698</b>	<b>1,384,960</b>	<b>1,417,629</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	20	20	20	20	20
Receivables	560,830	568,799	574,224	578,418	581,326
Investments	23,752	23,752	23,752	23,752	23,752
<b>Total financial assets</b>	<b>584,602</b>	<b>592,571</b>	<b>597,996</b>	<b>602,190</b>	<b>605,098</b>
<b>Total assets administered on behalf of Government</b>	<b>584,602</b>	<b>592,571</b>	<b>597,996</b>	<b>602,190</b>	<b>605,098</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	4,335	4,335	4,335	4,335	4,335
Accrued child support payments	541,203	547,514	550,806	552,826	553,515
Other payables	65,654	65,654	65,654	65,654	65,654
<b>Total payables</b>	<b>611,192</b>	<b>617,503</b>	<b>620,795</b>	<b>622,815</b>	<b>623,504</b>
<b>Total liabilities administered on behalf of Government</b>	<b>611,192</b>	<b>617,503</b>	<b>620,795</b>	<b>622,815</b>	<b>623,504</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	6,194	6,834	7,130	7,289	7,461
Dividends	11,425	32,440	6,331	6,331	6,331
Competitive neutrality revenue	3,514	5,424	6,087	6,087	6,087
GST received	16,905	322	-	-	-
Other	1,055,878	1,206,875	1,265,461	1,296,328	1,329,568
<b>Total cash received</b>	<b>1,093,916</b>	<b>1,251,895</b>	<b>1,285,009</b>	<b>1,316,035</b>	<b>1,349,447</b>
<b>Cash used</b>					
Suppliers	169,206	3,216	-	-	-
GST paid	16,905	322	-	-	-
Other	1,050,800	1,208,144	1,266,790	1,297,690	1,330,965
<b>Total cash used</b>	<b>1,236,911</b>	<b>1,211,682</b>	<b>1,266,790</b>	<b>1,297,690</b>	<b>1,330,965</b>
<b>Net cash from or (used by) operating activities</b>	<b>(142,995)</b>	<b>40,213</b>	<b>18,219</b>	<b>18,345</b>	<b>18,482</b>
<b>Net increase or (decrease) in cash held</b>	<b>(142,995)</b>	<b>40,213</b>	<b>18,219</b>	<b>18,345</b>	<b>18,482</b>
Cash at beginning of reporting period	3	20	20	20	20
Cash from Official Public Account for:					
- appropriations	251,712	92,015	93,108	95,380	97,826
- Special Accounts	968,311	1,119,345	1,173,682	1,202,310	1,233,139
Cash to Official Public Account for:					
- administered revenue	21,133	44,698	19,548	19,707	19,879
- Special Accounts	974,547	1,119,345	1,173,683	1,202,310	1,233,139
- appropriations	81,331	87,530	91,778	94,018	96,429
<b>Cash at end of reporting period</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

Prepared on Australian Accounting Standards basis.

### **3.2.4 Notes to the financial statements**

#### **Basis of accounting**

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

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

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

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

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

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

#### **Departmental and Administered items**

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

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

Administered items are those items controlled by the government and managed, or 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).





# **Centrelink**

## **Agency resources and planned performance**



# CENTRELINK

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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 the 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.

Our 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

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Centrelink resource statement — Budget estimates for 2009-10 as at Budget May 2009**

	Estimate of prior <sup>+</sup> year amounts available in 2009-10 \$'000	Proposed at Budget <sup>=</sup> 2009-10 \$'000	Total estimate 2009-10 \$'000	Actual available appropriation 2008-09 \$'000
<b>Ordinary Annual Services<sup>1</sup></b>				
<b>Departmental appropriation</b>				
Departmental appropriation	-	2,861,143	2,861,143	608,319
<b>Total</b>	-	<b>2,861,143</b>	<b>2,861,143</b>	<b>608,319</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>2,861,143</b>	<b>2,861,143</b>	<b>608,319</b>
<b>Other services<sup>2</sup></b>				
<b>Departmental non-operating</b>				
Equity injections	-	8,194	8,194	3,536
Previous years' outputs	1,903	-	1,903	106
<b>Total</b>	<b>1,903</b>	<b>8,194</b>	<b>10,097</b>	<b>3,642</b>
<b>Total other services</b>	<b>B</b>	<b>8,194</b>	<b>10,097</b>	<b>3,642</b>
<b>Total Available Annual Appropriations</b>	<b>1,903</b>	<b>2,869,337</b>	<b>2,871,240</b>	<b>611,961</b>
<b>Special Accounts</b>				
Opening balance <sup>3</sup>	329,053	-	329,053	317,972
Appropriation receipts	1,903	2,869,337	2,871,240	599,367
Non-appropriation receipts to Special Accounts	-	172,339	172,339	2,348,208
<b>Total Special Account</b>	<b>C</b>	<b>3,041,676</b>	<b>3,372,632</b>	<b>3,265,547</b>
<b>Total resourcing</b>				
A+B+C	<b>332,859</b>	<b>5,911,013</b>	<b>6,243,872</b>	<b>3,877,508</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(1,903)	(2,869,337)	(2,871,240)	(599,367)
<b>Total net resourcing for Centrelink</b>	<b>330,956</b>	<b>3,041,676</b>	<b>3,372,632</b>	<b>3,278,141</b>

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

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

<sup>3</sup> Estimated opening balance for Commonwealth Social Services Special Accounts. For further information on special accounts see Table 3.1.2.

Reader note: All figures are GST exclusive.

**Table 1.1: Centrelink resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)**

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

	2009-10 \$'000	2008-09 \$'000
Centrelink has authority to make the following estimated payments on behalf of other agencies: <sup>1,2,3,4,5</sup> (disclosed in the respective agency 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	23,303,823
Social Security ( <i>Administration</i> ) Act 1999	45,466,981	45,338,174
Ex Gratia Payments (Annual Appropriations)	4,142	27,331
<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	3,105,997
Social Security ( <i>Administration</i> ) Act 1999	15,038,468	11,996,970
Social Security Act 1991	2,380,398	2,091,651
Student Assistance Act 1973	235,493	265,185
Job Education Training Child Care Fees Assistance (Annual Appropriation)	53,158	54,332
<b>Department of Agriculture, Fisheries and Forestry (DAFF)</b>		
Farm Household Support Act 1992 (Exceptional Circumstances Relief Payment)	202,040	352,673
<b>Total</b>	<b>85,784,933</b>	<b>86,536,136</b>
Receipts received from other agencies for the provision of services (disclosed above within the Non-Appropriation Receipts)	106,459	2,245,705

NOTES:

- Centrelink's arrangements with the above agencies (i.e. FaHCSIA, DEEWR, DAFF) include the delivery of payments to customers.
- Centrelink has no drawdown access to the above agencies' Administered appropriations that are required to be drawn and paid to customers.
- The respective agencies are responsible for the policy, estimates and reporting of these Administered appropriations.
- The figures disclosed above are based on the estimates as provided to Centrelink by the respective agencies.
- The figures disclosed above includes Child Care Benefit program appropriation amounting to **\$1,983.92m** in 2008-09 and **\$2,021.23m** in 2009-10 that both Centrelink and DEEWR pays out to the customers on behalf of DEEWR.



### 1.3 BUDGET MEASURES

Budget measures relating to Centrelink are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Agency 2009-10 Budget measures**

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Department of Families, Housing, Community Services and Indigenous Affairs</b>					
<b>Expense measures</b>					
South-East Queensland storms - assistance Departmental expenses	1.1 2,122	-	-	-	-
Nation Building and Jobs Plan - implementation costs Departmental expenses	1.1 14,758	-	-	-	-
<u>Closing the Gap</u> - Community Development Employment Projects Program (CDEP) and the Indigenous Employment Program (IEP) Reform Departmental expenses	1.1 3,171	-	-	-	-
<u>Migration Program</u> - reduction in skill stream places for 2008-09 Departmental expenses	1.1 (606)	-	-	-	-
Maternity Immunisation Allowance - alignment of indexation with other family payments Departmental expenses	1.1 23	-	-	-	-
Disability Support Pension - better and fairer assessments Departmental expenses	1.1 51	-	-	-	-
Income management in cases of child neglect and by voluntary choice - continuation of trial Departmental expenses	1.1 476	-	-	-	-

**Table 1.2: Agency 2009-10 Budget measures continued**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Expense measures</b>						
Paid Parental Leave	1.1					
Departmental expenses		454	-	-	-	-
Reform of family payments - pause to indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus	1.1					
Departmental expenses		639	-	-	-	-
Victorian bushfires - assistance	1.1					
Departmental expenses		16,132	-	-	-	-
Superannuation - account-based pensions - drawdown relief for retirees for 2008-09	1.1					
Departmental expenses		2,158	-	-	-	-
<b>Secure and sustainable pensions</b>						
- increase to pension payments	1.1					
Departmental expenses		3,777	-	-	-	-
- tighten the income test taper	1.1					
Departmental expenses		191	-	-	-	-
- close the Pension Bonus Scheme	1.1					
Departmental expenses		190	-	-	-	-
- increase in the Age Pension age	1.1					
Departmental expenses		46	-	-	-	-
- new carer supplement	1.1					
Departmental expenses		2,049	-	-	-	-
Queensland floods - assistance	1.1					
Departmental expenses		3,782	-	-	-	-
<b>Total FaHCSIA expense measures</b>						
<b>Departmental Total</b>		<b>49,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Department of Education, Employment and Workplace Relations</b>						
<b>Expense measures</b>						
Nation Building and Jobs Plan	1.1					
- implementation costs						
Departmental expenses		4,418	-	-	-	-

Table 1.2: Agency 2009-10 Budget measures continued

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Expense measures</b>						
<u>Jobs and Training Compact</u>						
- liquid assets waiting period - temporary change	1.1					
Departmental expenses		974	-	-	-	-
- Training Supplement	1.1					
Departmental expenses		176	-	-	-	-
National Framework for Protecting Australia's Children - Special Child Care Benefit - increasing awareness and access	1.1					
Departmental expenses		69	-	-	-	-
<b>Total DEEWR expense measures</b>						
<b>Departmental Total</b>		<b>5,637</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Department of Agriculture, Fisheries and Forestry</b>						
<b>Expense measures</b>						
Nation Building and Jobs Plan - implementation costs	1.1					
Departmental expenses		701	-	-	-	-
<u>Drought assistance</u>						
- Exceptional Circumstances assistance for primary producers	1.1					
Departmental expenses		2,169	-	-	-	-
- Exceptional Circumstances assistance for small businesses - extension	1.1					
Departmental expenses		92	-	-	-	-
- interim income support for primary producers	1.1					
Departmental expenses		150	-	-	-	-
- interim income support for small businesses	1.1					
Departmental expenses		6	-	-	-	-
<b>Total DAFF expense measures</b>						
<b>Departmental Total</b>		<b>3,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 1.2: Agency 2009-10 Budget measures continued**

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Expense measures</b>					
<b>Direct Appropriation</b>					
<b>Expense measures</b>					
<b>Department of Families, Housing, Community Services and Indigenous Affairs</b>					
<u>Closing the Gap</u>					
- Northern Territory - income management - additional funding	1.1				
Departmental expenses	-	88,258	862	585	591
Nation Building and Jobs Plan - implementation costs	1.1				
Departmental expenses	-	546	-	-	-
<u>Closing the Gap</u>					
- Community Development Employment Projects Program (CDEP) and the Indigenous Employment Program	1.1				
Departmental expenses	-	1,593	604	929	(79)
<u>Migration Program</u>					
- reduction in skill stream places for 2008-09	1.1				
Departmental expenses	-	(603)	(1,241)	(1,254)	(1,266)
- allocation of places for 2009-10	1.1				
Departmental expenses	-	(334)	(1,207)	(3,079)	(4,836)
Care determinations - alignment across Family Assistance Office and Child Support Program	1.1				
Departmental expenses	-	5,454	1,017	290	285
Maternity Immunisation Allowance - alignment of indexation with other family payments	1.1				
Departmental expenses	-	151	-	-	-
Disability Support Pension - better and fairer assessments	1.1				
Departmental expenses	-	11,374	14,363	15,024	17,453

**Table 1.2: Agency 2009-10 Budget measures continued**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Direct Appropriation</b>						
<b>Expense measures</b>						
Income management in cases of child neglect and by voluntary choice - continuation of trial	1.1					
Departmental expenses		-	8,241	-	-	-
Paid Parental Leave	1.1					
Departmental expenses		-	5,695	21,771	18,122	17,323
Reform of family payments - pause to indexation of upper income thresholds of FTB-A, FTB-B and Baby Bonus	1.1					
Departmental expenses		-	(3,813)	(3,512)	(6,572)	(6,919)
Victorian bushfires - assistance	1.1					
Departmental expenses		-	14,520	-	-	-
Superannuation - account-based pensions - drawdown relief for retirees for 2008-09	1.1					
Departmental expenses		-	20	-	-	-
<b>Secure and Sustainable Pensions</b>						
- increase to Pension payments	1.1					
Departmental expenses		-	22,908	7,889	6,081	6,210
- tighten the income test taper	1.1					
Departmental expenses		-	11,622	6,924	5,353	3,122
- close the Pension Bonus Scheme	1.1					
Departmental expenses		-	1,057	878	(207)	(6)
<b>Secure and Sustainable Pensions</b>						
- new carer supplement of a Carer Supplement	1.1					
Departmental expenses		-	7,211	2,561	2,588	2,613
- increase in the Age Pension age	1.1					
Departmental expenses		-	831	119	410	121
- social security agreements with Latvia, the Czech Republic and the Slovak Republic	1.1					
Departmental expenses		-	292	5,015	421	427

**Table 1.2: Agency 2009-10 Budget measures continued**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Direct Appropriation</b>						
<b>Expense measures</b>						
<b>Department of Education, Employment and Workplace Relations</b>						
Nation Building and Jobs Plan - implementation costs Departmental expenses	1.1	-	1,277	-	-	-
<u>Closing the Gap</u>						
- Northern Territory - enhancing education - school nutrition Departmental expenses	1.1	-	1,433	374	342	-
- Community Development Employment Projects Program (CDEP) and the Indigenous Employment Program Departmental expenses	1.1	-	3,592	5,101	10,460	11,231
<u>Jobs and Training Compact</u>						
- liquid assets waiting period - temporary change Departmental expenses	1.1	-	30	19	16	16
- Training Supplement Departmental expenses	1.1	-	5,515	2,091	1,224	-
Child Care Cost Estimator - improvement Departmental expenses	1.1	-	2,440	-	-	-
Participation Taskforce Review - more flexible participation requirements for parents Departmental expenses	1.1	-	6,614	3,144	2,047	2,074
Improving School Enrolment and Attendance Trial - continuation Departmental expenses	1.1	-	3,125	-	-	-
National Framework for Protecting Australia's Children - Special Child Care Benefit - increasing awareness and access Departmental expenses	1.1	-	462	191	193	195

**Table 1.2: Agency 2009-10 Budget measures continued**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Direct Appropriation</b>						
<b>Expense measures</b>						
An Innovation and Higher Education System for 21st Century - Student Income Support - administrative costs	1.1					
Departmental expenses		-	20,000	6,600	6,700	6,700
Drought Assistance - Assistance for Isolated Children Scheme - extension	1.1					
Departmental expenses		-	470	-	-	-
Job capacity assessments additional assessments	1.1					
Departmental expenses		-	3,076	(1,900)	(1,977)	(1,997)
<b>Department of Agriculture, Fisheries and Forestry</b>						
<b>Drought assistance</b>						
- Exceptional Circumstances assistance for primary producers	1.1					
Departmental expenses		-	4,084	109	-	-
- Exceptional Circumstances assistance for small businesses - extension	1.1					
Departmental expenses		-	348	163	-	-
- interim income support for primary producers	1.1					
Departmental expenses		-	34	-	-	-
- interim income support for small businesses	1.1					
Departmental expenses		-	1	-	-	-
- professional advice and planning	1.1					
Departmental expenses		-	1,582	177	-	-
- re-establishment assistance - continuation	1.1					
Departmental expenses		-	629	969	-	-
- continuation of rural support services	1.1					
Departmental expenses		-	11,817	-	-	-

**Table 1.2: Agency 2009-10 Budget measures continued**

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	
<b>Direct Appropriation</b>						
<b>Expense measures</b>						
<b>Department of Broadband, Communications and the Digital Economy</b>						
Digital Television Switchover - regional South Australia, Victoria and Queensland Departmental expenses	1.1	-	6,194	4,929	4,013	-
<b>Department of Immigration and Citizenship</b>						
Improving English language learning outcomes for newly arrived migrants Departmental expenses	1.1	-	1,057	152	154	155
<b>Department of Human Services</b>						
<b>Centrelink</b>						
- call centre supplementation Departmental expenses	1.1	-	60,000	60,548	-	-
- maintenance of online service infrastructure Departmental expenses	1.1	-	5,701	-	-	-
- appropriation arrangements Departmental expenses	1.1	-	(2,250)	(2,250)	(2,250)	(2,250)
<b>Direct Appropriation</b>						
<b>Expense measures</b>						
<b>Fraud and compliance</b> - increased Centrelink compliance review activity Departmental expenses	1.1	-	3,140	11,652	11,741	11,854
- Centrelink debts - increase in repayment rate Departmental expenses	1.1	-	690	-	-	-
<b>Total Direct Appropriation expense measures</b>						
<b>Departmental Total</b>		-	<b>316,084</b>	<b>148,112</b>	<b>71,354</b>	<b>63,017</b>
<b>Total ALL expense measures</b>						
<b>Departmental Total</b>		<b>58,168</b>	<b>316,084</b>	<b>148,112</b>	<b>71,354</b>	<b>63,017</b>



**Table 1.2: Agency 2009-10 Budget measures continued**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Direct Appropriation</b>						
<b>Capital measures</b>						
Income management in cases of child neglect and by voluntary choice - continuation of trial	1.1					
Departmental capital		-	1,375	-	-	-
Paid Parental Leave	1.1					
Departmental capital		-	2,328	4,584	-	-
Participation Taskforce Review - more flexible participation requirements for parents	1.1					
Departmental capital		-	1,901	-	-	-
<b>Total capital measures</b>						
<b>Departmental Total</b>		-	5,604	4,584	-	-
<b>Total of ALL measures</b>						
<b>Departmental Total</b>		58,168	321,688	152,696	71,354	63,017

Prepared on a Government Financial Statistics (fiscal) basis

## 1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget year (as at Additional Estimates), which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

**Figure 2: Transition table**

### 2008-09 Budget year

**Outcome 1:** Access to Government services that effectively support: self sufficiency through participation in employment education, training and the community; families and people in need; and the integrity of Government outlays in these areas

Output Group 1.1: Effective and efficient delivery of Government Services
Departmental Outputs: <i>Effective and efficient delivery of Government Services</i>
Special Accounts: <i>Commonwealth Social Services Special Account</i>

### 2009-10 Budget year

**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

Program 1.1: Service Delivery
Departmental Outputs: <i>Effective and efficient delivery of Government Services</i>
Special Accounts: <i>Commonwealth Social Services Special Account</i>

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs that contribute to Government outcomes over the Budget and forward years.

The outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of Centrelink in achieving government outcomes.

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

#### **Outcome Strategy –**

Our strategy is one of continual improvement for the way we deliver services. We do this by providing an integrated network for the Human Services portfolio and offering a variety of ways for customers to access assistance, payments and services.

Centrelink's customers include retired people; families; sole parents; people looking for work; people with disabilities; illnesses or injuries; carers; widows; primary producers; students; young people; Indigenous people; and people from diverse cultural and linguistic backgrounds.

The key Outcome milestones will be to achieve service delivery improvements and greater cross-agency integration and collaboration. The Key Performance Areas embodied in our service delivery include:

- Design and implement service delivery systems that maximise the ability to achieve Government objectives;
- Deliver ongoing services and respond to emerging needs; and
- Make it easy for customers to do business with Centrelink, respond in a timely manner, and match services and payments to customers' circumstances.

There are a number of environmental factors that will drive the activities Centrelink can undertake, the outcome to be achieved and the process by which we achieve that outcome. In summary these are:

- Our role in aligning with and contributing to whole of government social policy and connecting of services with State and community-based organisations;

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- The need to build on our collaboration and information sharing relationships with other Government agencies community groups and other third parties;
- Our position within the portfolio and our relationship with the Department of Human Services;
- The effect of the Global Financial Crisis on our customer numbers and the delivery of services and programs to citizens and communities;
- The key demographic trend of Australia's rapidly ageing population resulting in both increased customer numbers and a shortage of skilled working age people;
- The need to deliver services that improve our efficiency and more effectively meet customer needs through better use of technology and self service channels;
- The need to provide fast citizen access to Government services during emergencies and be prepared for these short term demands while continuing to deliver established Government programs and services; and
- The implementation of the Government's ICT Reform Agenda particularly the affect on IT capability development, procurement and workforce.

**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	2009-10
	Estimated actual expenses \$'000	Estimated expenses \$'000
<b>Program 1.1: Service Delivery</b>		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	608,319	2,861,143
Special Accounts	2,245,589	104,582
Expenses not requiring appropriation in the Budget year	5,500	5,500
<b>Total for Program 1.1</b>	<b>2,859,408</b>	<b>2,971,225</b>
<b>Outcome 1 Totals by appropriation type</b>		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	608,319	2,861,143
Special Accounts	2,245,589	104,582
Expenses not requiring appropriation in the Budget year	5,500	5,500
<b>Total expenses for Outcome 1</b>	<b>2,859,408</b>	<b>2,971,225</b>
	2008-09	2009-10
<b>Average Staffing Level (number)</b>	24,450	25,400

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

## Contributions to Outcome

### Program 1.1: Service Delivery

#### Program objective

The program of Service Delivery facilitates transfers and benefits on behalf of other Commonwealth agencies. Centrelink aims to deliver the defined benefits in an efficient and effective manner to meet the broader objectives of the government.

#### Linked to:

Centrelink delivers a range of payments and services on behalf of a number of government departments and other entities, including:

- Department of Families, Housing, Community Services and Indigenous Affairs (including Family Assistance Office)
- Child Support Program
- Department of Infrastructure, Transport, Regional Development and Local Government
- Department of Veterans' Affairs
- Department of Health and Ageing, including the Office of Hearing
- Department of Education, Employment and Workplace Relations
- Department of Agriculture, Fisheries and Forestry
- Department of Foreign Affairs and Trade
- Department of Broadband, Communications and Digital Economy
- Department of Immigration and Citizenship
- Department of Innovation, Industry, Science and Research
- Australian Electoral Commission
- Attorney-General's Office
- Australian Taxation Office
- New South Wales State Government
- State and Territory Housing Authorities
- Countries with which Australia has an International Social Security Agreement
- Department of the Treasury.

**Program 1.1 Expenses**

('000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual Departmental Expenses:					
Other Departmental Item	2,859,408	2,971,225	2,824,665	2,739,645	2,679,803
Special Account Expenses:					
<i>Commonwealth Services Delivery Services     Special Account</i>					
Expenses not requiring Appropriation in the Budget year	-	-	-	-	-
<b>Total Departmental Expenses</b>	<b>2,859,408</b>	<b>2,971,225</b>	<b>2,824,665</b>	<b>2,739,645</b>	<b>2,679,803</b>

**Program 1.1 deliverables**

Centrelink will report its effective achievement of this program against three key performance areas:

1. Design and implement service delivery systems that maximise the ability to achieve Government objectives;
2. Deliver ongoing services and respond to emerging needs; and
3. Make it easier for customers to do business with Centrelink, respond in a timely manner and match services and payments to customers' circumstances.

To support achievement in these performance areas Centrelink will:

- Work with the relevant Department to deliver the payments and/or services required,
- Develop reporting mechanisms to monitor our progress against the initiative; and
- Report our contribution to these initiatives in our Annual Report.

<b>Program 1.1 Key Performance Indicators</b>	
<p>Nine key performance indicators will support the above Deliverables. The indicators:</p> <ul style="list-style-type: none"> <li>• Reflect key elements of organisational performance in service delivery;</li> <li>• Represent the primary service delivery priorities for our key stakeholders; and</li> <li>• Are recognised at all levels in the organisation.</li> </ul>	
<b>Key Performance Indicators</b>	<b>2009-10 Targets</b>
<p><b>KPI 1.1</b></p> <ul style="list-style-type: none"> <li>• Manage and achieve service delivery improvements as required by the Minister</li> </ul> <p><b>KPI 1.2</b></p> <ul style="list-style-type: none"> <li>• Implement Government decisions on time and budget</li> </ul> <p><b>KPI 1.3</b></p> <ul style="list-style-type: none"> <li>• Connecting individuals to programs that provide educational, social and economic opportunities</li> </ul> <p><b>KPI 1.4</b></p> <ul style="list-style-type: none"> <li>• Supporting social, economic, educational and community engagement for Indigenous and regional Australians</li> </ul> <p><b>KPI 1.5</b></p> <ul style="list-style-type: none"> <li>• Support individuals and families to participate economically and socially through payments and services</li> </ul> <p><b>KPI 1.6</b></p> <ul style="list-style-type: none"> <li>• Minister is satisfied with the quality, timeliness and relevance of advice for decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Centrelink achieves the outcomes articulated in our Statement of Intent</li> </ul> <ul style="list-style-type: none"> <li>• Less than 5% of Budget initiatives are rated 'red' in a traffic light report structure</li> </ul> <ul style="list-style-type: none"> <li>• Centrelink meets all agreed referral standards to third party providers designed to support these elements</li> </ul> <ul style="list-style-type: none"> <li>• Centrelink supports the 'Closing the Gap' initiative</li> </ul> <ul style="list-style-type: none"> <li>• Positive response to this element in our Customer Satisfaction survey</li> </ul> <ul style="list-style-type: none"> <li>• 95% of briefs are submitted within agreed timeframes and meet a standard of satisfactory or above</li> <li>• 95% of Ministerial replies to correspondence are submitted within agreed timeframes</li> </ul>



<p><b>KPI 2.1</b></p> <ul style="list-style-type: none"> <li>• Achieve expected program outlay accuracy standards and minimise fraud</li> </ul> <p><b>KPI 2.2</b></p> <ul style="list-style-type: none"> <li>• Support delivery of Government’s emergency response</li> </ul>	<ul style="list-style-type: none"> <li>• Program accuracy standards are achieved</li> <li>• Provide service delivery support in the event of emergency/ disaster situations</li> </ul>
<p><b>KPI 3.1</b></p> <ul style="list-style-type: none"> <li>• Customers are satisfied with the ease of access to and quality of service provided by Centrelink</li> </ul> <p><b>KPI 3.2</b></p> <ul style="list-style-type: none"> <li>• Centrelink provides services and referrals that are timely and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Overall Customer Satisfaction target is 88%</li> <li>• Positive response to this element in our Customer Satisfaction survey</li> </ul>

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements, which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.2 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by Centrelink.

**Table 3.1.2: Estimates of Special Account cash flows and balances**

	Opening balance <b>2009-10</b> 2008-09	Receipts <b>2009-10</b> 2008-09	Payments <b>2009-10</b> 2008-09	Closing balance <b>2009-10</b> 2008-09
Outcome	\$'000	\$'000	\$'000	\$'000
Commonwealth Social Services Special Account (D)	1 <b>329,053</b> 317,972	<b>3,043,579</b> 2,947,575	<b>(2,981,345)</b> (2,936,494)	<b>391,287</b> 329,053
Commonwealth Services Delivery Agency Other Trust Moneys Account (T)	<b>545</b> 433	<b>2,192</b> 2,292	<b>(2,244)</b> (2,180)	<b>493</b> 545
<b>Total Special Accounts 2009-10 Budget estimate</b>	<b>329,598</b>	<b>3,045,771</b>	<b>(2,983,589)</b>	<b>391,780</b>
<i>Total Special Accounts 2008-09 estimate actual</i>	318,405	2,949,867	(2,938,674)	329,598

D = Departmental;

T= Assets held in Trust

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

Outcome	Appropriations				Other	Total	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
<b>Centrelink</b>							
<b>Outcome 1</b>							
<b>Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government</b>							
Departmental 2009-10	90,780	-	-	90,780	66,499	157,279	1.1
Departmental 2008-09	4,531	-	-	4,531	156,830	161,361	1.1
Total Outcome 2009-10	90,780	-	-	90,780	66,499	157,279	
Total Outcome 2008-09	4,531	-	-	4,531	156,830	161,361	
<hr/>							
Total Departmental 2009-10	90,780	-	-	90,780	66,499	157,279	
Total Departmental 2008-09	4,531	-	-	4,531	156,830	161,361	
<b>Total AGIE 2009-10</b>	<b>90,780</b>	<b>-</b>	<b>-</b>	<b>90,780</b>	<b>66,499</b>	<b>157,279</b>	<b>1.1</b>
Total AGIE 2008-09	4,531	-	-	4,531	156,830	161,361	1.1

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

The significant differences between resource information presented in the Budget Papers and Portfolio Budget Statements (PBS) 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 2008-09 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 Analysis of budgeted financial statements**

#### **Departmental**

#### **Budgeted departmental comprehensive income statement (see table 3.2.1)**

Centrelink is estimating a break-even operating result for 2008-09 and for the forward years.

The total income for 2009-10 is estimated to increase by \$111.82m from the 2008-09 estimated actual income of \$2,859.41m, primarily due to increases in funding from the Centrelink Funding Model (CFM) and new Budget measures.

The 2009-10 expense is also estimated to increase proportionately by \$111.82m from the 2008-09 financial year.

#### **Budgeted departmental balance sheet (see table 3.2.2)**

Centrelink's budgeted net asset position of \$318.59m represents an increase of \$8.19m from the 2008-09 estimates. 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 \$1.23m, mainly reflecting an anticipated increase in trade and other receivables, cash and equivalents, and prepayments.

Centrelink's total liabilities are estimated to decrease by approximately \$6.97m in 2009-10 due to a decrease in Unearned Revenue (-\$19.75m) and other provisions (-\$6.29m) that are offset by increase in employee provisions (\$15.49m), supplier payables (\$1.41m), and other payables (\$2.17m). The primary liability continues to be accrued employee leave entitlements.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>EXPENSES</b>					
Employee benefits	1,826,055	1,911,436	1,849,144	1,787,243	1,735,349
Supplier	854,428	889,942	827,565	809,827	825,888
Depreciation and amortisation	173,425	164,347	142,456	137,075	113,066
Write-down and impairment of assets	5,500	5,500	5,500	5,500	5,500
<b>Total expenses</b>	<b>2,859,408</b>	<b>2,971,225</b>	<b>2,824,665</b>	<b>2,739,645</b>	<b>2,679,803</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	2,245,705	106,459	86,645	87,051	86,539
<b>Total revenue</b>	<b>2,245,705</b>	<b>106,459</b>	<b>86,645</b>	<b>87,051</b>	<b>86,539</b>
<b>Gains</b>					
Other gains	3,481	3,623	3,768	3,919	4,037
<b>Total gains</b>	<b>3,481</b>	<b>3,623</b>	<b>3,768</b>	<b>3,919</b>	<b>4,037</b>
<b>Total own-source income</b>	<b>2,249,186</b>	<b>110,082</b>	<b>90,413</b>	<b>90,970</b>	<b>90,576</b>
<b>Net cost of (contribution by) services</b>	<b>610,222</b>	<b>2,861,143</b>	<b>2,734,252</b>	<b>2,648,675</b>	<b>2,589,227</b>
Appropriation revenue	610,222	2,861,143	2,734,252	2,648,675	2,589,227
<b>Surplus (Deficit)</b>	-	-	-	-	-
<b>Surplus (Deficit) attributable to the Australian Government</b>	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income attributable to the Australian Government</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	21,263	22,676	23,609	23,682	23,692
Trade and other Receivables	337,659	397,174	427,531	405,925	468,957
<b>Total financial assets</b>	<b>358,922</b>	<b>419,850</b>	<b>451,140</b>	<b>429,607</b>	<b>492,649</b>
<b>Non-financial assets</b>					
Land and buildings	199,521	202,084	192,442	185,167	180,062
Infrastructure, plant and equipment	143,827	112,695	114,942	112,049	86,288
Intangibles	210,819	178,400	177,777	226,781	211,501
Other (Prepayment)	49,534	50,823	52,150	53,516	54,923
<b>Total non-financial assets</b>	<b>603,701</b>	<b>544,002</b>	<b>537,311</b>	<b>577,513</b>	<b>532,774</b>
<b>Total assets</b>	<b>962,623</b>	<b>963,852</b>	<b>988,451</b>	<b>1,007,120</b>	<b>1,025,423</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	499,569	515,062	535,156	555,143	576,197
Other	21,697	15,400	11,272	8,288	4,067
<b>Total provisions</b>	<b>521,266</b>	<b>530,462</b>	<b>546,428</b>	<b>563,431</b>	<b>580,264</b>
<b>Payables</b>					
Suppliers	54,140	55,553	57,002	58,489	60,016
Other	76,824	59,250	61,850	62,029	61,970
<b>Total payables</b>	<b>130,964</b>	<b>114,803</b>	<b>118,852</b>	<b>120,518</b>	<b>121,986</b>
<b>Total liabilities</b>	<b>652,230</b>	<b>645,265</b>	<b>665,280</b>	<b>683,949</b>	<b>702,250</b>
<b>Net assets</b>	<b>310,393</b>	<b>318,587</b>	<b>323,171</b>	<b>323,171</b>	<b>323,173</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	291,983	300,177	304,761	304,761	304,761
Reserves	32,394	32,394	32,394	32,394	32,396
Retained surpluses or accumulated deficits	(13,984)	(13,984)	(13,984)	(13,984)	(13,984)
<b>Total parent entity interest</b>	<b>310,393</b>	<b>318,587</b>	<b>323,171</b>	<b>323,171</b>	<b>323,173</b>
<b>Total equity</b>	<b>310,393</b>	<b>318,587</b>	<b>323,171</b>	<b>323,171</b>	<b>323,173</b>
<b>Current assets</b>	<b>408,456</b>	<b>470,673</b>	<b>503,290</b>	<b>483,123</b>	<b>547,572</b>
<b>Non-current assets</b>	<b>554,167</b>	<b>493,179</b>	<b>485,161</b>	<b>523,997</b>	<b>477,851</b>
<b>Current liabilities</b>	<b>517,311</b>	<b>529,942</b>	<b>548,235</b>	<b>566,695</b>	<b>585,850</b>
<b>Non-current liabilities</b>	<b>134,919</b>	<b>115,323</b>	<b>117,045</b>	<b>117,254</b>	<b>116,400</b>

Prepared on Australian Accounting Standards basis

\* 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated Actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	2,240,066	89,704	89,619	90,146	89,474
Appropriations	608,319	2,863,046	2,734,252	2,648,675	2,589,227
Net GST received	94,224	82,635	85,446	78,794	77,273
Cash from the Official Public Account	-	-	-	22,238	-
<b>Total cash received</b>	<b>2,942,609</b>	<b>3,035,385</b>	<b>2,909,317</b>	<b>2,839,853</b>	<b>2,755,974</b>
<b>Cash used</b>					
Employees	1,799,863	1,895,944	1,829,050	1,767,255	1,714,295
Suppliers	960,857	976,542	914,234	891,114	906,870
Cash to the Official Public Account	19,790	60,821	29,745	-	62,381
<b>Total cash used</b>	<b>2,780,510</b>	<b>2,933,307</b>	<b>2,773,029</b>	<b>2,658,369</b>	<b>2,683,546</b>
<b>Net cash from or (used by) operating activities</b>	<b>162,099</b>	<b>102,078</b>	<b>136,288</b>	<b>181,484</b>	<b>72,428</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	177	-	-	-	-
<b>Total cash received</b>	<b>177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	138,719	84,166	86,998	77,314	34,972
Purchase of intangibles	37,055	24,693	52,941	104,097	37,446
<b>Total cash used</b>	<b>175,774</b>	<b>108,859</b>	<b>139,939</b>	<b>181,411</b>	<b>72,418</b>
<b>Net cash from or (used by) investing activities</b>	<b>(175,597)</b>	<b>(108,859)</b>	<b>(139,939)</b>	<b>(181,411)</b>	<b>(72,418)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	(9,058)	8,194	4,584	-	-
Other cash received	13,847	-	-	-	-
<b>Total cash received</b>	<b>4,789</b>	<b>8,194</b>	<b>4,584</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>4,789</b>	<b>8,194</b>	<b>4,584</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(8,709)</b>	<b>1,413</b>	<b>933</b>	<b>73</b>	<b>10</b>
Cash at the beginning of the reporting period	29,972	21,263	22,676	23,609	23,682
<b>Cash at the end of the reporting period</b>	<b>21,263</b>	<b>22,676</b>	<b>23,609</b>	<b>23,682</b>	<b>23,692</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 \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2009</b>				
Balance carried forward from previous period	(13,984)	32,394	291,983	310,393
<b>Adjusted opening balance</b>	<b>(13,984)</b>	<b>32,394</b>	<b>291,983</b>	<b>310,393</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>Transactions with owners</b>				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	8,194	8,194
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>8,194</b>	<b>8,194</b>
<b>Estimated closing balance as at 30 June 2010</b>	<b>(13,984)</b>	<b>32,394</b>	<b>300,177</b>	<b>318,587</b>

Prepared on Australian Accounting Standards basis

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	(9,058)	8,194	4,584	-	-
Appropriation of Previous Year					
Accrued Revenue	106	1,903	-	-	-
<b>Total capital appropriations</b>	<b>(8,952)</b>	<b>10,097</b>	<b>4,584</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	(8,187)	8,194	4,584	-	-
Other	(765)	1,903	-	-	-
<b>Total represented by</b>	<b>(8,952)</b>	<b>10,097</b>	<b>4,584</b>	<b>-</b>	<b>-</b>
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	(8,187)	8,194	4,584	-	-
Funded internally from departmental resources <sup>1</sup>	183,961	100,665	135,355	181,411	72,418
<b>TOTAL</b>	<b>175,774</b>	<b>108,859</b>	<b>139,939</b>	<b>181,411</b>	<b>72,418</b>

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

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

**Table 3.2.6: Statement of Asset Movements – Departmental**

	Asset Category (as appropriate)				Total
	Land	Buildings	Other infrastructure, plant and equipment	Intangibles	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2009</b>					
Gross book value	3,512	365,609	370,675	523,659	1,263,455
Accumulated depreciation/amortisation	-	(169,600)	(226,848)	(312,840)	(709,288)
<b>Opening net book balance</b>	<b>3,512</b>	<b>196,009</b>	<b>143,827</b>	<b>210,819</b>	<b>554,167</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase or internally developed	-	61,306	22,860	24,693	108,859
<b>Acquisition of entities or operations (including restructuring) sub-total</b>	<b>-</b>	<b>61,306</b>	<b>22,860</b>	<b>24,693</b>	<b>108,859</b>
<b>Other movements</b>					
Depreciation/amortisation expense	-	(58,543)	(53,692)	(52,112)	(164,347)
Disposals <sup>#</sup>	-	-	-	-	-
Other	-	(200)	(300)	(5,000)	(5,500)
<b>As at 30 June 2010</b>					
Gross book value	3,512	426,715	393,235	543,352	1,366,814
Accumulated depreciation/amortisation	-	(228,143)	(280,540)	(364,952)	(873,635)
<b>Closing net book balance</b>	<b>3,512</b>	<b>198,572</b>	<b>112,695</b>	<b>178,400</b>	<b>493,179</b>

<sup>#</sup> Proceeds may be returned to the OPA

### **3.2.4 Notes to the financial statements**

#### **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**

## **Agency resources and planned performance**



# 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 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, 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 will be 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.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Medicare Australia resource statement — Budget estimates for 2009-10 as at Budget May 2009**

	Estimate of prior + year amounts available in 2009-10 \$'000	Proposed at Budget = 2009-10 \$'000	Total Estimate 2009-10 \$'000	Actual Available Appropriation 2008-09 \$'000
<b>Ordinary Annual Services<sup>1</sup></b>				
<b>Departmental</b>				
Prior year Departmental appropriation	124,584 <sup>4</sup>	-	124,584	119,073
Departmental appropriation	-	650,057	650,057	605,150
s31 Relevant agency receipts <sup>3</sup>	-	82,014	82,014	93,969
<b>Total</b>	<b>124,584</b>	<b>732,071</b>	<b>856,655</b>	<b>818,192</b>
<b>Administered expenses</b>				
Outcome 1	-	4,381	4,381	4,803
<b>Total</b>	<b>-</b>	<b>4,381</b>	<b>4,381</b>	<b>4,803</b>
<b>Total ordinary annual services</b>	<b>A 124,584</b>	<b>736,452</b>	<b>861,036</b>	<b>822,995</b>
<b>Other services<sup>2</sup></b>				
<b>Departmental non-operating</b>				
Equity injections	14,989	32,492	47,481	19,997
Previous years' outputs	-	6,550	6,550	5,422
<b>Total</b>	<b>14,989</b>	<b>39,042</b>	<b>54,031</b>	<b>25,419</b>
<b>Total other services</b>	<b>B 14,989</b>	<b>39,042</b>	<b>54,031</b>	<b>25,419</b>
<b>Total Available Annual Appropriations</b>	<b>139,573</b>	<b>775,494</b>	<b>915,067</b>	<b>848,414</b>
<b>Total Appropriations excluding Special Accounts</b>	139,573	775,494	915,067	848,414

**Table 1.1: Medicare Australia resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)**

	Estimate of prior year amounts available in	Proposed at Budget	Total Estimate	Actual Available Appropriation
	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000	2008-09 \$'000
<b>Special Accounts</b>				
Opening balance <sup>o</sup>	81,267	-	81,267	74,058
Non-Appropriation receipts to Special Accounts	-	239,356	239,356	233,518
<b>Total Special Account</b>	<b>D 81,267</b>	<b>239,356</b>	<b>320,623</b>	<b>307,576</b>
<b>Total resourcing</b>	<b>220,840</b>	<b>1,014,850</b>	<b>1,235,690</b>	<b>1,155,990</b>
A+B+C+D				
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
<b>Total net resourcing for Medicare Australia</b>	<b>220,840</b>	<b>1,014,850</b>	<b>1,235,690</b>	<b>1,155,990</b>

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

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

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

<sup>4</sup> Estimated adjusted balance carried from previous year for Annual Appropriations

<sup>5</sup> Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2

Reader note: All figures are GST exclusive.

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

	2009-10 \$'000	2008-09 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental s31)		
Department of Veterans' Affairs	16,372	16,218
Department of Health and Ageing	14,150	33,785
Department of Defence	739	3,088
Department of Families, Housing, Community Services and Indigenous Affairs	9,175	9,181
Centrelink	12,620	12,273
Department of Education, Employment and Workplace Relations	148	290
Other External Entities	28,810	19,134
<b>Total s31 Relevant agency receipts</b>	<b>82,014</b>	<b>93,969</b>

### 1.3 BUDGET MEASURES

Budget measures relating to Medicare Australia are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Agency 2009-10 Budget measures**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Departmental Outputs</b>						
<b>Expense Measures</b>						
<b>Department of Health and Ageing</b>						
Breast cancer treatment - continuation of funding for the Herceptin® program	1.2	-	-	-	-	-
Continence Aids Payment Scheme - more choice for users	1.1	-	903	646	715	779
Fairer income testing in residential aged care - ending the 28-day income test exemption	1.3	-	313	-	-	-
Hearing services - introduction of hearing threshold	1.1	-	201	(13)	(14)	(14)
Improving Maternity Services Package	1.1, 1.2	-	2,393	664	785	937
Practice incentive payments - quality and administrative improvements - further efficiency	1.1	-	2,312	699	415	332
Prevocational training for doctors in general practice	1.1, 1.2	-	8	15	15	19
Private health insurance – fair and sustainable support for the future	1.1	-	283	-	-	-
Rural Health Workforce Strategy	1.1	-	6,535	1,920	910	958
Secure and sustainable pensions - residential aged care	1.3	126	966	-	-	-
Medicare Benefits Schedule						
- Better Access Initiative - continuing professional development	1.1	-	-	280	(13)	69
- Better Access Initiative - improved targeting for the most in need and better quality of services	1.1	-	351	15	42	70

**Table 1.2: Agency 2009-10 Budget measures (continued)**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
- capping Extended Medicare Safety Net benefits for items with excessive fees	1.1	-	1,620	403	200	99
- capping Extended Medicare Safety Net benefits for items with excessive fees - obstetrics services	1.1	-	2,351	355	203	205
- diagnostic imaging and pathology services - bulk-billing incentives and rationalisation of patient episode initiation fees	1.1	-	490	99	151	152
- diagnostic imaging and pathology services - changes to fees for fully depreciated diagnostic imaging equipment	1.1	-	64	430	1	-
- diagnostic imaging and pathology services - improving competition	1.1	-	528	71	98	99
- diagnostic imaging and pathology services - improving the quality of services and addressing workforce shortages	1.1	-	107	327	(145)	(396)
- ensuring the appropriate use of clinical procedures and adjusting to modern technologies	1.1	-	(240)	(317)	(341)	(362)
- new and revised listings	1.1	104	1	1	1	1
- nurse practitioner workforce - expansion	1.1, 1.2	-	8,922	2,057	616	626
- reversal of proposal to fund magnetic resonance imaging scans of the knee or brain - further efficiency	1.1	(28)	(29)	(30)	(31)	(31)
Pharmaceutical Benefits Scheme						
- extending the Pharmaceutical Benefits Scheme reference pricing policies to all non-exempt pharmaceutical items	1.2	-	571	841	873	905
- extending the therapeutic group premium policy	1.2	-	516	771	829	889
- listing of Avastin® (bevacizumab)	1.1, 1.2	-	77	128	130	130
- listing of Sutent® (sunitinib)	1.2	3	19	16	15	14
- minor new listings	1.2	32	83	135	190	222

**Table 1.2: Agency 2009-10 Budget measures (continued)**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Department of Human Services</b>						
Fraud and compliance - matching of Medicare Benefits Schedule and Pharmaceutical Benefits Schedule data	1.1	-	959	876	885	894
Medicare Australia - additional offices	1.1	-	1,227	1,664	1,682	1,701
<b>Department of Immigration and Citizenship</b>						
Migration Program						
- reduction in skill stream places for 2008-09	1.1, 1.2	-	(234)	(499)	(792)	(1,101)
- allocation of places for 2009-10	1.1, 1.2	-	(272)	(585)	(887)	(1,212)
Protection Visas - abolition of the 45 Day Rule	1.1, 1.2	-	16	17	18	19
<b>Department of Families, Housing, Community Services and Indigenous Affairs</b>						
Paid Parental Leave	1.3	-	15	417	370	343
Secure and sustainable pensions - close the Pension Bonus Scheme	1.2	-	1	2	2	3
- increase to pension payments	1.2	-	2	5	5	6
- tighten the income test taper	1.2	-	(2)	(4)	(4)	(4)
<b>Total expense measures</b>		<b>237</b>	<b>31,057</b>	<b>11,406</b>	<b>6,924</b>	<b>6,352</b>
<b>Departmental Outputs</b>						
<b>Capital Measures</b>						
<b>Department of Health and Ageing</b>						
Continence Aids Payment Scheme - more choice for users	1.1	-	820	-	-	-
Hearing services - introduction of hearing threshold	1.1	-	352	-	-	-
Improving Maternity Services Package	1.1, 1.2	-	3,051	-	-	-
Practice incentive payments - quality and administrative improvements - further efficiency	1.1	-	4,721	1,167	-	-
Private health insurance – fair and sustainable support for the future	1.1	-	257	-	-	-
Rural Health Workforce Strategy	1.1	-	14,300	2,097	-	-

**Table 1.2: Agency 2009-10 Budget measures (continued)**

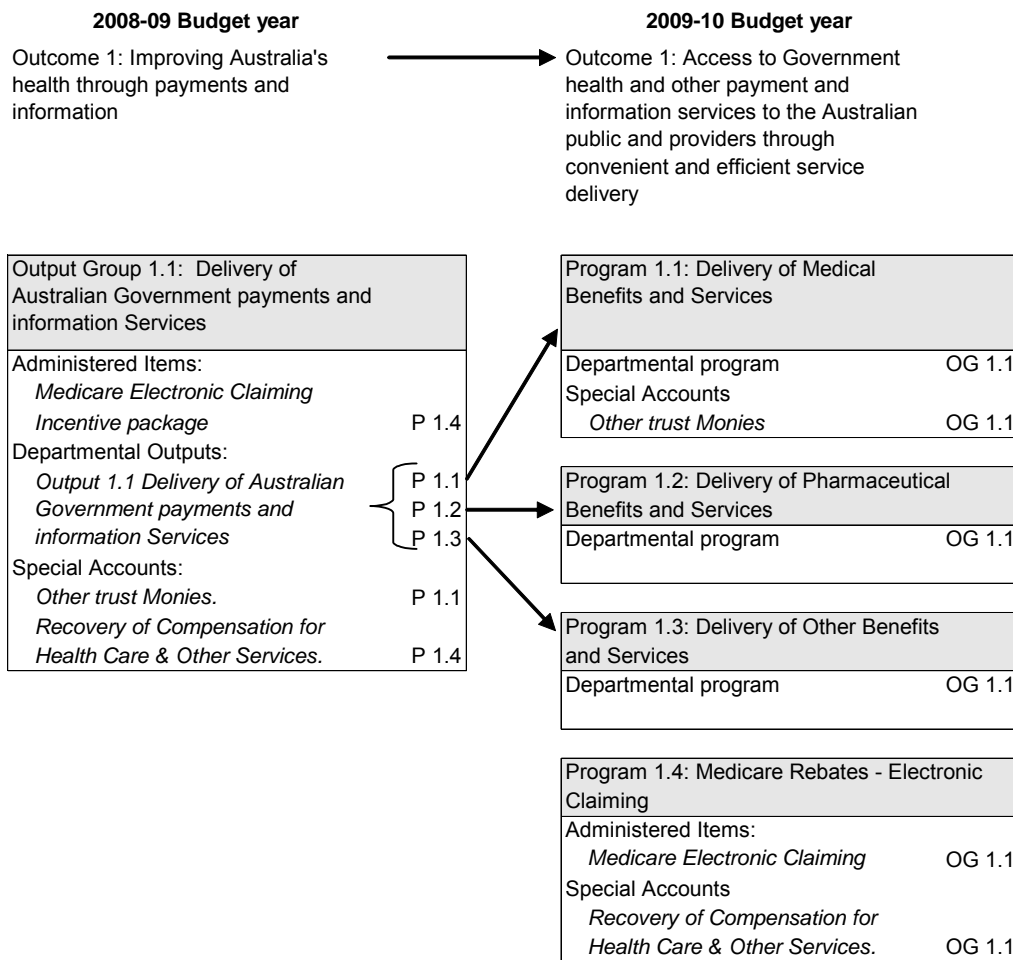
	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Medicare Benefits Schedule</b>						
- capping Extended Medicare Safety Net benefits for items with excessive fees	1.1	-	858	-	-	-
- capping Extended Medicare Safety Net benefits for items with excessive fees - obstetrics services	1.1	-	1,704	-	-	-
- diagnostic imaging and pathology services - bulk-billing incentives and rationalisation of patient episode initiation fees	1.1	-	360	-	-	-
- diagnostic imaging and pathology services - changes to fees for fully depreciated diagnostic imaging equipment	1.1	-	38	33	-	-
- diagnostic imaging and pathology services - improving competition	1.1	-	2,400	-	-	-
- diagnostic imaging and pathology services - improving the quality of services and addressing workforce shortages	1.1	-	93	-	-	-
- nurse practitioner workforce - expansion	1.1, 1.2	-	1,030	345	-	-
<b>Department of Human Services</b>						
Fraud and compliance - matching of Medicare Benefits Schedule and Pharmaceutical Benefits Schedule data	1.1	-	554	-	-	-
Medicare Australia - additional offices	1.1	-	762	-	-	-
<b>Total capital measures</b>		-	<b>31,300</b>	<b>3,642</b>	-	-



## 1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

**Figure 2: Transition table**



Medicare Australia operates under a single Outcome the wording of which has been revised for the 2009-10 Budget. Departmental outputs have been separated from one output into three programs for 2009-10, as illustrated above. Administered items are now reported against program 1.4. For 2009-10, Special Accounts are reported against their respective Departmental or Administered programs as appropriate.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of Medicare Australia in achieving government outcomes.

**Outcome 1: Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery**

#### **Outcome 1 Strategy**

As detailed in Section 1.1, Medicare Australia will work with its strategic policy partners and stakeholders to improve the health and wellbeing of Australians by delivering high quality and cost effective information and payment services.

Medicare Australia's strategy for achieving this outcome consists of:

- Optimising take-up of electronic payment and information services to improve convenience for the providers and the public in particular at the point of service.
- Ensuring that processing of payments and information is undertaken efficiently and effectively in accordance with our service charter promises
- Working with other portfolio agencies to reform service delivery by leveraging capability within the portfolio to achieve improved quality, efficiency and effectiveness in service delivery.

#### **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.**

	2008-09 Estimated actual expenses \$'000	2009-10 Estimated expenses \$'000
<b>Outcome 1: Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery</b>		
<b>Program 1.1: Delivery of Medical Benefits and Services</b>		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	423,143	446,127
Ordinary Annual Services (Appropriation Bill No 2)	1 5,156	-
Revenues from independent sources (section 31)	37,094	22,046
<b>Total for Program 1.1</b>	<b>465,393</b>	<b>468,173</b>
<b>Program 1.2: Delivery of Pharmaceutical Benefits and</b>		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	154,048	155,118
Ordinary Annual Services (Appropriation Bill No 2)	1 161	-
Revenues from independent sources (section 31)	758	775
<b>Total for Program 1.2</b>	<b>154,967</b>	<b>155,893</b>
<b>Program 1.3: Delivery of Other Benefits and Services</b>		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	44,746	48,812
Ordinary Annual Services (Appropriation Bill No 2)	1 1,233	-
Revenues from independent sources (section 31)	57,030	54,816
Expenses not requiring Appropriation in the Budget year	561	561
<b>Total for Program 1.3</b>	<b>103,570</b>	<b>104,189</b>
<b>Program 1.4: Medicare Rebates - Electronic Claiming</b>		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	4,803	4,381
Special Accounts	226,309	233,917
<b>Total for Program 1.4</b>	<b>231,112</b>	<b>238,298</b>
<b>Outcome 1 totals by appropriation type:</b>		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	4,803	4,381
Other Services (Appropriation Bill No. 2)	-	-
Special Accounts	226,309	233,917
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	621,937	650,057
Ordinary Annual Services (Appropriation Bill No 2)	1 6,550	-
Revenues from independent sources (section 31)	94,882	77,637
Special Accounts	-	-
Expenses not requiring Appropriation in the Budget year	561	561
<b>Total expenses for Outcome 1</b>	<b>955,042</b>	<b>966,553</b>
<b>Average staffing level (number)</b>	<b>5,352</b>	<b>5,214</b>

<sup>1</sup>Some expenses being incurred in 2008-09 are being covered by drawing down currently available appropriations that will be replenished in 2009-10 from Previous Years' Outputs funding under Appropriation Bill No. 2 (2009-10)

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

## Contributions to Outcome 1

### Program 1.1: Delivery of Medical Benefits and Services

#### Program objective

Medicare Australia pays rebates for the Medicare Program and delivers a range of health related payments and information services including the:

- Australian Organ Donor Register
- Private Health Insurance rebate
- Medicare Teen Dental Plan
- Veterans' Treatment Accounts
- Australian Childhood Immunisation Register.

Key activities in delivering these functions include enrolling eligible residents for Medicare services, assessing and paying rebates, undertaking compliance activities, maintaining registers and records, and related systems development and maintenance.

Medicare Australia's objective is to deliver a nationally consistent service with convenient access and timely and accurate payments through efficient service channels, particularly electronic.

**Linked to:** programs under Department of Health and Ageing Medicare Services Outcome 3.

**Program expenses**

Movement in Program expenses across the forward years is due to increasing services and payments.

('000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	423,143	446,127	460,298	486,061	502,207
Ordinary Annual Services (Appropriation Bill No. 2) <sup>1</sup>	5,156	-	-	-	-
Revenues from independent sources (section 31)	37,094	22,046	20,668	19,553	18,276
Special Appropriations: <i>Special Appropriation Act 1999</i>					
Special Account Expenses: <i>Other Trust Moneys</i>	1,348	1,382	1,617	1,924	2,270
Expenses not requiring Appropriation in the Budget year					
<b>Total Departmental Expenses</b>	<b>466,741</b>	<b>469,555</b>	<b>482,583</b>	<b>507,538</b>	<b>522,753</b>

<sup>1</sup>Some expenses being incurred in 2008-09 are being covered by drawing down currently available appropriations that will be replenished in 2009-10 from Previous Years' Outputs funding under Appropriation Bill No. 2 (2009-10)

**Program 1.1 Deliverables**

Medicare Australia will deliver to eligible providers and members of the public payments and information which are accurate, appropriate and timely through convenient and efficient service delivery. The volume of service payments is anticipated to increase over the forward estimates period.

Deliverables	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Medicare - Volume of service payments (million)	351.9	371.8	394.1	416.3	439.5
Medicare - accuracy of processing	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Medicare - Prompt processing	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%

**Program 1.1 Key Performance Indicators**

In line with the objective of this program Medicare Australia will continue to increase the convenience and ease of access through increasing the level of electronic Medicare claiming from the point of service and ensuring that, where required, access to face to face service delivery is available. In addition Medicare Australia will continue to implement process improvement within its operations to increase the efficiency of program delivery.

Medicare Australia will ensure that the Minister is satisfied with the quality, timeliness and relevance of departmental advice for decision making.

**Program Key Performance Indicators**

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Briefs are submitted within agreed timeframes and meeting a standard of satisfactory or above	95%	95%	95%	95%	95%
Ministerial replies to correspondence are submitted within agreed timeframes	95%	95%	95%	95%	95%
The proportion of Medicare Bulk Bill claims processed electronically	≥ 88%	≥ 90%	≥ 95%	≥ 95%	≥ 95%
The proportion of Medicare Patient Claims processed electronically	≥ 15%	≥ 25%	≥ 30%	≥ 30%	≥ 30%
Average revenue per Medicare service	\$1.20	\$1.18	\$1.16	\$1.14	\$1.13
Community satisfaction	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
Practice manager satisfaction	≥ 85%	≥ 85%	≥ 85%	≥ 85%	≥ 85%
Practitioner satisfaction	≥ 70%	≥ 70%	≥ 70%	≥ 70%	≥ 70%

**Program 1.2: Delivery of Pharmaceutical Benefits and Services**

**Program objective**

Medicare Australia pays rebates for the Pharmaceutical Benefits Scheme (PBS) and Repatriation PBS.

Key activities involved in administering these programs includes processing claims for payment, approving authority prescriptions, approving pharmacists and certain doctors to supply PBS medicines and approving private hospitals and participating public hospitals to supply PBS medicines to their eligible patients. Other activities also include related systems development and maintenance.

Medicare Australia's objective is to deliver a nationally consistent service with convenient access and timely and accurate payments through efficient service channels, particularly electronic.

**Linked to:** programs under Department of Health and Ageing Medicare Services Outcome 2.

**Program expenses**

	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
(‘000)					
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	154,048	155,118	149,423	154,306	156,597
Ordinary Annual Services (Appropriation Bill No. 2) <sup>1</sup>	161	-	-	-	-
Revenues from independent sources (section 31)	758	775	726	336	291
<b>Total Departmental Expenses</b>	<b>154,967</b>	<b>155,893</b>	<b>150,149</b>	<b>154,642</b>	<b>156,888</b>

<sup>1</sup>Some expenses being incurred in 2008-09 are being covered by drawing down currently available appropriations that will be replenished in 2009-10 from Previous Years' Outputs funding under Appropriation Bill No. 2 (2009-10)

**Program 1.2 Deliverables**

Medicare Australia will pay benefits to pharmacists and other eligible customers which are accurate, appropriate and timely through convenient and efficient service delivery. The volume of service payments is anticipated to increase over the forward estimates period.

Deliverables	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Volume of services – Prescriptions (million)	187.2	190.7	195.6	200.7	206.0
Volume of services – Prescriptions authorities (million)	8.8	9.7	10.5	11.4	11.9
Accuracy of processing %	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Prompt payment processing %	100%	100%	100%	100%	100%

**Program 1.2 Key Performance Indicators**

In line with the objective of this program Medicare Australia will improve the convenience and ease of access to rebates. In addition Medicare Australia will continue to implement process improvement within its operations to increase the efficiency of program delivery.

**Program Key Performance Indicators**

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
% online prescription processing	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Average revenue per PBS service	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72
Pharmacist satisfaction	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%



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

**Program objective**

Medicare Australia delivers a number of other programs and services on behalf of Government including:

- Aged Care payments
- Payment and information services for Family Assistance
- Child Care Tax Rebate
- LPG Scheme rebates
- Citizenship testing
- Western Australia Visiting Medical Officer scheme
- Unique Health Identifier

Key activities in administering these functions include enrolments, confirming eligibility, assessing and paying rebate claims, undertaking compliance activities, maintaining registers and records together with related systems development and maintenance.

Medicare Australia's objective is to deliver nationally consistent services and programs with convenient access and timely and accurate services through efficient service channels.

**Linked to:**

- Aged Care payments is linked to programs under Department of Health and Ageing Outcome 4
- Family Assistance payments are linked to programs under Department of Families Community & Housing and Indigenous Affairs
- LPG Scheme is linked to programs under Department of Infrastructure, Transport, Regional Development and Local Government.
- Citizenship testing is linked to programs under Department of Immigration and Citizenship outcome
- The Unique health Identifier project is being undertaken under an agreement with the National E-Health Transition Authority (NEHTA)

**Program expenses**

	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
('000)					
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	44,746	48,812	52,012	54,612	55,491
Ordinary Annual Services (Appropriation Bill No. 2) <sup>1</sup>	1,233	-	-	-	-
Revenues from independent sources (section 31)	57,030	54,816	38,421	39,887	40,495
Expenses not requiring Appropriation in the Budget year	561	561	561	561	561
<b>Total Departmental Expenses</b>	<b>103,570</b>	<b>104,189</b>	<b>90,994</b>	<b>95,060</b>	<b>96,547</b>

**Program 1.3 Deliverables**

Medicare Australia makes payments, delivers and/or completes transactions on behalf of government. Medicare Australia is developing the Unique Healthcare Identifier service under contract to the National E-Health Transition Authority.

Deliverables	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Aged Care Accuracy %	100%	100%	100%	100%	100%
Aged Care Prompt processing %	100%	100%	100%	100%	100%
FAO Prompt processing %	≥ 85%	≥ 85%	≥ 85%	≥ 85%	≥ 85%

**Program 1.3 Key Performance Indicators**

In line with the objective of this program, Medicare Australia will continue to increase the convenience and ease of access to services within these programs through improving electronic take-up. In addition Medicare Australia will continue to implement process improvements within its operations to increase the efficiency of program delivery.

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Aged Care % online claiming	> 31%	> 45%	> 60%	> 75%	> 75%

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

**Program objective**

This program is intended to increase the take-up of Electronic Medicare claiming through provision of incentives to software vendors.

**Linked to:** programs under Department of Health and Ageing Medicare Services Outcome 3 and Medicare Australia program 1.1.

**Program expenses**

Medicare Online claiming between 1 September 2007 and 31 December 2009.

Special account expenses are not available for software vendor incentive payments. They relate to Medicare and Aged Care compensation recoveries. Funds held in Special Accounts are not available for use by Medicare Australia for Departmental or Administrative purposes. Refer to Table 3.1.2 for further details.

	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
('000)					
Annual Administered Expenses:					
Administered Item	4,803	4,381	-	-	-
Special Account Expenses: & Other Services Special Account. 1(A)	226,309	233,917	272,935	324,793	383,701
<b>Total Program Expenses</b>	<b>231,112</b>	<b>238,298</b>	<b>272,935</b>	<b>324,793</b>	<b>383,701</b>

**Program 1.4 Deliverables**

Software vendors are eligible to receive a roll out payment for any general practice or specialist site that started using Medicare Online claiming between 1 September 2007 and 31 December 2009, provided that the site continuously uses Medicare Online claiming for a minimum of two full, consecutive calendar months following the month it began transmitting.

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

**Program 1.4 Key Performance Indicators**

Medicare Australia will continue to ensure that the Software Vendor incentives are paid appropriately and promptly.

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Prompt payment of Software vendor incentive	≥ 90%	≥ 90%			

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.1 shows the movement of administered funds approved since the 2008-09 Additional Estimates

**Table 3.1.1: Movement of administered funds between years**

M	Movements of funding between years	\$'000
	Medicare Rebates electronic claiming incentive package – Software Incentive Payment <sup>1</sup>	639

1. The forecast actual expenditure for 2008-09 of \$4,803,000 results in an underspend of \$0.639m against the 2008-09 funding of \$5,442,000. This amount is being transferred to 2009/2010 to meet estimated costs in that financial year.

### 3.1.2 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by Medicare Australia.

**Table 3.1.2: Estimates of Special Account cash flows and balances**

		Opening balance <b>2009-10</b> 2008-09	Receipts <b>2009-10</b> 2008-09	Payments <b>2009-10</b> 2008-09	Adjustments <b>2009-10</b> 2008-09	Closing balance <b>2009-10</b> 2008-09
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Recovery of Compensation for Health Care & Other Services Special Account. <sup>1</sup> (A)	1	81,018	239,356	233,917		86,457
		73,809	233,518	226,309		81,018
Other Trust Monies Account. <sup>2</sup> (D)	1	249	1,382	1,382		249
		249	1,348	1,348		249
<b>Total special accounts</b>						
<b>2009-10 Budget estimate</b>		<b>81,267</b>	<b>240,738</b>	<b>235,299</b>	<b>-</b>	<b>86,706</b>
Total special accounts						
2008-09 estimate actual		74,058	234,866	227,657	-	81,267

(A) = Administered  
(D) = Departmental

1. Legal Authority: FMA Act 1997 s20  
Purpose: for the receipt of monies, following a judgement or settlement, under the *Health and Other Services (Compensation) Act 1995*

Funds are held pending a determination of the amount recoverable in respect of Medicare benefits and Nursing home or Residential care subsidies paid. The amount recovered is returned to the official Public Account via the Department of Health and Ageing. Funds held in Special Accounts are not available for use by Medicare Australia for Departmental or Administrative purposes.

2. Legal Authority: FMA Act 1997 s20.  
Purpose: for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. Funds held in Special Accounts are not available for use by Medicare Australia for Departmental purposes.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

Outcome	Appropriations				Other \$'000	Total \$'000	Program
	Bill	Bill	Special	Total			
	No. 1 \$'000	No. 2 \$'000	Approp \$'000	Approp \$'000			
<b>Medicare Australia</b>							
<b>Outcome 1</b>							
Departmental 2009-10	5,229	1,024	-	6,253	-	6,253	1.1
<i>Departmental 2008-09</i>	3,533	-	-	3,533	-	3,533	1.1
<b>Total Outcome 2009-10</b>	<b>5,229</b>	<b>1,024</b>	<b>-</b>	<b>6,253</b>	<b>-</b>	<b>6,253</b>	
<i>Total Outcome 2008-09</i>	<i>3,533</i>	<i>-</i>	<i>-</i>	<i>3,533</i>	<i>-</i>	<i>3,533</i>	
				-		-	
Total Departmental 2009-10	5,229	1,024	-	6,253	-	6,253	
<i>Total Departmental 2008-09</i>	<i>3,533</i>	<i>-</i>	<i>-</i>	<i>3,533</i>	<i>-</i>	<i>3,533</i>	
<b>Total AGIE 2009-10</b>	<b>5,229</b>	<b>1,024</b>	<b>-</b>	<b>6,253</b>	<b>-</b>	<b>6,253</b>	
<i>Total AGIE 2008-09</i>	<i>3,533</i>	<i>-</i>	<i>-</i>	<i>3,533</i>	<i>-</i>	<i>3,533</i>	

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

Agency resource statement in Table 1.1 shows how the 2009-10 Budget appropriations translate to the total resources for outcome 1, including administered expenses, revenue from government (appropriation), receipts from other sources and special account receipts.

### **3.2.2 Analysis of budgeted financial statements**

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

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

Consistent with government approval, Medicare Australia is estimating an operating loss of \$16.8m for 2008-09. The loss relates to lower than expected take up of electronic Medicare claiming and a one off charge of \$11.8m to the Long Service Leave expense as a result of changes in the bond yield rate.

Appropriation revenue for the 2009-10 budget year is \$728.2m which is an increase of \$21.1m from the 2008-09 estimated actual of \$707.1m. Increased appropriation revenue of \$38.3m has been offset by a \$17.2m reduction in contract revenue and a range of savings.

Funding for employee expenses will decrease in 2009-10 as a result of increased electronic Medicare claiming and reduced income from the sale of goods and rendering of services. Expenses in 2008-09 also include a one off charge for Long Service Leave, as a result of changes in bond yield rates.

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

Medicare Australia's budgeted net asset position of \$157.3m represents an increase of \$32.5m from the 2008-09 estimated actual, which is due to equity injections of \$32.5m.

Total assets are expected to increase in line with the capital injection. Trade and other receivables are expected to decrease in 2009-10 however this will be offset by an increase in Other Non-Financial Assets being assets under construction relating to the UHI project.

Medicare Australia's primary liability continues to be accrued employee entitlements of \$106.6m which represent a small decrease over 2008-09.



### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate <b>2009-10</b> \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>EXPENSES</b>					
Employee benefits	388,008	342,137	348,643	367,911	375,829
Supplier	296,522	340,591	323,406	334,069	343,473
Grants					
Depreciation and amortisation	39,401	45,527	50,060	53,336	54,616
<b>Total expenses</b>	<b>723,931</b>	<b>728,255</b>	<b>722,109</b>	<b>755,316</b>	<b>773,918</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	93,695	77,164	59,807	59,776	59,062
Other revenue	1,187	473	8	-	-
<b>Total revenue</b>	<b>94,882</b>	<b>77,637</b>	<b>59,815</b>	<b>59,776</b>	<b>59,062</b>
<b>Gains</b>					
Other gains	561	561	561	561	561
<b>Total gains</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>
<b>Total own-source income</b>	<b>95,443</b>	<b>78,198</b>	<b>60,376</b>	<b>60,337</b>	<b>59,623</b>
<b>Net cost of (contribution by) services</b>	<b>628,488</b>	<b>650,057</b>	<b>661,733</b>	<b>694,979</b>	<b>714,295</b>
Appropriation revenue	611,700	650,057	661,733	694,979	714,295
<b>Surplus (Deficit)</b>	<b>(16,788)</b>	-	-	-	-
<b>Surplus (Deficit) attributable to the Australian Government*</b>	<b>(16,788)</b>	-	-	-	-
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Total other comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income</b>	<b>707,143</b>	<b>728,255</b>	<b>722,109</b>	<b>755,316</b>	<b>773,918</b>
<b>Total comprehensive income attributable to the Australian Government</b>	<b>707,143</b>	<b>728,255</b>	<b>722,109</b>	<b>755,316</b>	<b>773,918</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	6,052	8,690	8,690	8,690	8,690
Trade and other Receivables	169,133	160,006	168,733	207,381	219,142
Other	6,189	6,189	6,189	6,189	6,189
<b>Total financial assets</b>	<b>181,374</b>	<b>174,885</b>	<b>183,612</b>	<b>222,260</b>	<b>234,021</b>
<b>Non-financial assets</b>					
Land and buildings	68,621	69,881	69,555	66,769	63,585
Infrastructure, plant and equipment	2,047	1,445	1,362	3,511	3,001
Intangibles	53,109	77,696	69,430	68,687	57,202
Other	10,571	23,246	25,483	8,983	8,983
<b>Total non-financial assets</b>	<b>134,348</b>	<b>172,268</b>	<b>165,830</b>	<b>147,950</b>	<b>132,771</b>
Assets held for sale					
<b>Total assets</b>	<b>315,722</b>	<b>347,153</b>	<b>349,442</b>	<b>370,210</b>	<b>366,792</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	109,577	106,567	108,396	113,747	113,172
Other	7,430	7,430	7,430	7,430	7,430
<b>Total provisions</b>	<b>117,007</b>	<b>113,997</b>	<b>115,826</b>	<b>121,177</b>	<b>120,602</b>
<b>Payables</b>					
Suppliers	58,613	60,562	57,380	59,597	60,054
Other	15,338	15,338	15,338	28,538	25,238
<b>Total payables</b>	<b>73,951</b>	<b>75,900</b>	<b>72,718</b>	<b>88,135</b>	<b>85,292</b>
<b>Total liabilities</b>	<b>190,958</b>	<b>189,897</b>	<b>188,544</b>	<b>209,312</b>	<b>205,894</b>
<b>Net assets</b>	<b>124,764</b>	<b>157,256</b>	<b>160,898</b>	<b>160,898</b>	<b>160,898</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 accumulated deficits	(29,550)	(29,550)	(29,550)	(29,550)	(29,550)
<b>Total parent entity interest</b>	<b>124,764</b>	<b>157,256</b>	<b>160,898</b>	<b>160,898</b>	<b>160,898</b>
<b>Total equity</b>	<b>124,764</b>	<b>157,256</b>	<b>160,898</b>	<b>160,898</b>	<b>160,898</b>
<b>Current assets</b>	<b>191,945</b>	<b>198,131</b>	<b>209,095</b>	<b>231,243</b>	<b>243,004</b>
<b>Non-current assets</b>	<b>123,777</b>	<b>149,022</b>	<b>140,347</b>	<b>138,967</b>	<b>123,788</b>
<b>Current liabilities</b>	<b>153,938</b>	<b>153,083</b>	<b>151,992</b>	<b>168,734</b>	<b>165,979</b>
<b>Non-current liabilities</b>	<b>37,020</b>	<b>36,814</b>	<b>36,552</b>	<b>40,578</b>	<b>39,915</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	127,455	118,804	100,177	110,383	94,262
Appropriations	604,937	654,807	649,137	656,064	702,781
Other	1,187	473	8	-	-
<b>Total cash received</b>	<b>733,579</b>	<b>774,084</b>	<b>749,322</b>	<b>766,447</b>	<b>797,043</b>
<b>Cash used</b>					
Employees	375,488	345,147	346,814	362,560	376,404
Suppliers	324,398	388,019	364,765	351,931	381,202
<b>Total cash used</b>	<b>699,886</b>	<b>733,166</b>	<b>711,579</b>	<b>714,491</b>	<b>757,606</b>
<b>Net cash from or (used by) operating activities</b>	<b>33,693</b>	<b>40,918</b>	<b>37,743</b>	<b>51,956</b>	<b>39,437</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	44,408	70,772	41,385	51,956	39,437
<b>Total cash used</b>	<b>44,408</b>	<b>70,772</b>	<b>41,385</b>	<b>51,956</b>	<b>39,437</b>
<b>Net cash from or (used by) investing activities</b>	<b>(44,408)</b>	<b>(70,772)</b>	<b>(41,385)</b>	<b>(51,956)</b>	<b>(39,437)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	10,588	32,492	3,642	-	-
<b>Total cash received</b>	<b>10,588</b>	<b>32,492</b>	<b>3,642</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) financing activities</b>	<b>10,588</b>	<b>32,492</b>	<b>3,642</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(127)</b>	<b>2,638</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	6,179	6,052	8,690	8,690	8,690
<b>Cash at the end of the reporting period</b>	<b>6,052</b>	<b>8,690</b>	<b>8,690</b>	<b>8,690</b>	<b>8,690</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 \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2009</b>					
Balance carried forward from previous period	(29,550)	24	-	154,290	124,764
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>(29,550)</b>	<b>24</b>	<b>-</b>	<b>154,290</b>	<b>124,764</b>
<b>Income and expense</b>					
<b>Sub-total income and expense</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
Other:					
Restructuring					-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,492</b>	<b>32,492</b>
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2010</b>	<b>(29,550)</b>	<b>24</b>	<b>-</b>	<b>186,782</b>	<b>157,256</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	10,588	32,492	3,642	-	-
Appropriation of Previous Year					
Accrued Revenue	5,422	6,550	-	-	-
Special appropriations	-	-	-	-	-
<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	10,588	32,492	3,642	-	-
Funded internally from					
Departmental resources <sup>1</sup>	33,820	38,280	37,743	51,956	39,437
Assets received due to restructure (FMA s32)	-	-	-	-	-
<b>TOTAL</b>	<b>44,408</b>	<b>70,772</b>	<b>41,385</b>	<b>51,956</b>	<b>39,437</b>

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

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

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of Asset Movements - Departmental**

	Buildings	Other Infrastructure, plant and equipment	Heritage & Cultural Assets	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>as at 1 July 2009</b>					
Gross book value	111,262	3,375	93	137,993	252,723
Accumulated depreciation/amortisation	(42,641)	(1,328)	-	(84,884)	(128,853)
<b>Opening net book balance</b>	<b>68,621</b>	<b>2,047</b>	<b>93</b>	<b>53,109</b>	<b>123,870</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
by purchase or internally developed	21,101	853	-	48,818	70,772
<b>Acquisition of entities or operations (including restructuring)</b>					
	-	-	-	-	-
<b>Sub-total</b>	<b>21,101</b>	<b>853</b>	<b>-</b>	<b>48,818</b>	<b>70,772</b>
<b>Other Movements</b>					
Depreciation/amortisation expense	(19,841)	(1,455)	-	(24,231)	(45,527)
Disposals <sup>#</sup>	-	-	-	-	-
<b>as at 30 June 2010</b>					
Gross book value	132,363	4,228	93	186,811	323,495
Accumulated depreciation/amortisation	(62,482)	(2,783)	-	(109,115)	(174,380)
<b>Closing net book balance</b>	<b>69,881</b>	<b>1,445</b>	<b>93</b>	<b>77,696</b>	<b>149,115</b>

<sup>#</sup> Proceeds may be returned to the OPA

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
<i>Total taxation</i>	-	-	-	-	-
<b>Non-taxation</b>					
<i>Total non-taxation</i>	-	-	-	-	-
<b>Total revenues administered on behalf of Government</b>	-	-	-	-	-
<b>Gains</b>					
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	-	-	-	-	-
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Subsidies	4,803	4,381	-	-	-
<b>Total expenses administered on behalf of Government</b>	<b>4,803</b>	<b>4,381</b>	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS ADMINISTERED ON 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 on behalf of Government</b>	-	-	-	-	-
<b>LIABILITIES ADMINISTERED ON 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	1,266	-	-	-	-
<b>Total payables</b>	<b>1,266</b>	-	-	-	-
<b>Total liabilities administered on behalf of Government</b>	<b>1,266</b>	-	-	-	-



**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
Cash received					
<b>Total cash received</b>	-	-	-	-	-
Cash used					
Subsidies paid	4,938	5,647	-	-	-
<b>Total cash used</b>	<b>4,938</b>	<b>5,647</b>	-	-	-
<b>Net cash from or (used by) operating activities</b>	<b>(4,938)</b>	<b>(5,647)</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>(4,938)</b>	<b>(5,647)</b>	-	-	-
Cash at beginning of reporting period					
Cash from Official Public Account for:					
- appropriations	4,938	5,647	-	-	-
<b>Cash at end of reporting period</b>	-	-	-	-	-

### **3.2.4 Notes to the financial statements**

The financial statements reflect the entries to the Central Budget Management System (CBMS) as at April 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 is restricted to the purposes specified in the Appropriation Acts.

## *Glossary*

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

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.

Departmental Item	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.
Estimated Actual Expenses	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.
Expenses not requiring appropriation in the Budget year	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.
Forward Estimates Period	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.
General Government Sector (GGS)	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

## *Glossary*

	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.

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.