

COMCARE, THE SAFETY, REHABILITATION AND COMPENSATION COMMISSION, AND THE SEAFARERS SAFETY, REHABILITATION AND COMPENSATION AUTHORITY

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Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

Comcare partners with workers, their employers and unions to keep workers healthy and safe, and reduce the incidence and cost of workplace injury and disease. Comcare is also responsible for managing Commonwealth common law liabilities for asbestos compensation.

Comcare's work is centred on three main dimensions:

- Innovation – new services and support for workers
- Collaboration – new initiatives partnering with stakeholders, business and governments
- Impact – improved, efficient business practices, capacity and capability to deliver better services.

Comcare is responsible for the following outcomes:

- The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement
- An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employers to create best practice in rehabilitation and quick and accurate management of workers' compensation claims
- Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims.

In addition to its regulatory and claims management functions, Comcare provides secretariat and related functions to support the Safety, Rehabilitation and Compensation Commission (SRCC) and the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority).

Comcare Budget Statements – Overview & resources

For 2012-13, implementation of the 2015 Strategic Plan remains Comcare's focus. The plan links directly to government priorities to improve productivity with higher workforce participation, to improve social inclusion, and build community resilience.

Comcare's priorities in 2012-13 include:

- tackling the increasing complexity and cost of claims
- bedding down the new work health and safety laws
- being an exemplary workplace
- making sure the dollars it spends really count
- making sure that how its people work together is as important as what it achieves.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Comcare Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

Source	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Opening balance/Reserves at bank	219,584	-	219,584	211,003
REVENUE FROM GOVERNMENT				
Ordinary annual services²				
Outcome 1	-	784	784	8,768
Outcome 2	-	424	424	445
Outcome 3	-	5,092	5,092	5,190
Total ordinary annual services	-	6,300	6,300	14,403
Other services³				
Equity injection	-	-	-	7,112
Total ordinary annual services	-	-	-	7,112
Total funds from Government	-	6,300	6,300	21,515
FUNDS FROM INDUSTRY SOURCES				
Licence fees	-	13,772	13,772	13,711
Total	-	13,772	13,772	13,711
FUNDS FROM OTHER SOURCES				
Interest	-	24,388	24,388	19,796
Sale of goods and services	-	20,365	20,365	20,551
Grants from Portfolio Departments ^{4,5}	-	67,551	67,551	58,060
Non Tax Revenue ⁵	-	27,368	27,368	89,114
Workers' Compensation Premiums	-	346,322	346,322	266,692
Total	-	485,994	485,994	454,213
Total net resourcing for agency	219,584	506,066	725,650	700,442

All figures are GST exclusive.

Comcare is not directly appropriated as it is a CAC Act body. Appropriations are made to Department of Education, Employment and Workplace Relations (DEEWR) which are then paid to Comcare and are considered 'departmental' for all purposes.

²Appropriation Bill (No. 1) 2012-13.

³Appropriation Bill (No. 2) 2012-13.

⁴ Grants from Portfolio Departments include special appropriations under the *Safety, Rehabilitation and Compensation Act 1988* for the payment of pre-premium claims costs and the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* for asbestos-related claims settlements.

⁵ The movements in workers' compensation and common law asbestos claim liabilities are non cash in nature and therefore excluded from the Statement.

1.3 BUDGET MEASURES

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

Table 1.2: Comcare 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense Measures						
Implementation of model work health and safety laws	1.1					
Departmental expenses		6,193	-	-	-	-
Total		6,193	-	-	-	-
Efficiency Dividend - Increase in the rate	1.1					
Departmental expenses		(248)	-	-	-	-
Total		(248)	-	-	-	-
Total Expense measures						
Departmental expenses		5,945	-	-	-	-
Total		5,945	-	-	-	-
Capital Measures						
Implementation of model work health and safety laws	1.1					
Departmental capital		7,112	-	-	-	-
Total		7,112	-	-	-	-

Prepared on a Government Finance Statistics (fiscal) basis.

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. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. 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 Comcare in achieving Government outcomes.

Outcome 1: The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement.

Outcome 1 Strategy

Comcare will achieve this outcome through:

- Promoting worker health, wellbeing and resilience
- Education and assurance services that will focus on employers who do not get the safety message
- Focussing on preventing harm in the workplace, keeping workers healthy and safe at work, and reducing the number and severity of safety incidents
- Responding to safety incidents in a timely way and seeking to ensure appropriate justice in response to death, serious injury or dangerous occurrences
- Bedding down the new work health and safety laws
- Continuing to work with other regulators to ensure there are no work health and safety gaps where more than one regulator has coverage of a workplace.

Outcome 1 Expense Statement

Table 2.1.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1.1: Budgeted Expenses for Outcome 1

Outcome 1: The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement.	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	7,424	784
Revenues from industry sources	8,615	9,216
Revenues from other independent sources	16,367	13,914
Total for Program 1.1	32,406	23,914
Outcome 1 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	7,424	784
Revenues from industry sources	8,615	9,216
Revenues from other independent sources	16,367	13,914
Total expenses for Outcome 1	32,406	23,914
	2011-12	2012-13
Average Staffing Level (number)	64	59

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: Comcare
<p>Program Objective</p> <p>The objectives for this program are:</p> <ul style="list-style-type: none"> • Promoting worker health, wellbeing and resilience • Preventing harm in federal workplaces • Stronger enforcement and justice outcomes • National consistency in the implementation of work health and safety laws

Program 1.1 Expenses

Comcare is maintaining resourcing to match the Government’s expectations about the level of regulatory intervention and the need to continue the positive trend in injury prevention.

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual departmental expenses:					
Annual Appropriation	7,424	784	788	780	784
Expenses not requiring appropriation in the Budget year	24,982	23,130	23,706	24,439	25,200
Total program expenses	32,406	23,914	24,494	25,219	25,984

Program 1.1 Deliverables

The program deliverables for this outcome are:

- Work health and safety programs that respond to workplace risks prioritised to reflect intelligence insights
- Increased understanding and promotion of the health and wellbeing of workers, particularly with regard to their mental wellbeing
- Scheme employers and front-line managers have increased capability to implement work health and safety systems and standards to prevent harm in federal workplaces
- Work health and safety duties and obligations are well understood and applied in the context of new federal laws

Program 1.1 Key Performance Indicators

The key performance indicators for this outcome are:

- worker satisfaction with Comcare’s work health and safety support and guidance and the impact of Comcare’s regulatory interventions
- the success of prosecutions and civil actions for breaches of the *Work Health and Safety Act 2011*
- further performance indicators are described in the table below.

Key Performance Indicators	2011-12 Revised budget	2012-13 Budget target	2013-14 Forw ard year 1	2014-15 Forw ard year 2	2015-16 Forw ard year 3
Number of compensated injury fatalities	3	-	-	-	-
Percentage reduction in the number of claims involving one week or more lost time per 1,000 FTE employees	25	40	41.2	42.4	43.6

Outcome 2: An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employers to create best practice in rehabilitation and quick and accurate management of workers’ compensation claims.

Outcome 2 Strategy

Comcare will achieve the outcome through:

- Supporting workers with injuries from the time of their initial contact, through recovery and return to health, return to work and return to independence
- Better understanding the experience and expectations of injured workers
- Delivering services that are co-designed with the community Comcare serves
- Improving the quality, consistency and timeliness of claims decisions through better use of information, tools and expertise
- Use of targeted interventions and working with the Comcare community, informed by improved insight and intelligence
- Adopting premium strategies that reward and improve scheme performance
- Ensuring cost recovery and premium models are robust and contemporary to be cost effective, accountable and ensure value for money

- Strong balance sheet management to improve financial performance and preserve financial integrity
- Supporting the SRCC to effectively regulate Comcare licensed self-insurers.

Outcome 2 Expense Statement

Table 2.1.2 provides an overview of the total expenses for Outcome 2, by program.

Table 2.1.2: Budgeted Expenses for Outcome 2

Outcome 2: An early and safe return to work and access to compensation for injured workers covered by the Comcare scheme through working in partnership with employees to create best practice in rehabilitation and quick and accurate management of workers' compensation claims.	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.2: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	445	424
Grants received from Portfolio Department ¹	34,790	39,661
Revenues from industry sources	5,096	4,556
Revenues from other independent sources	290,660	377,143
Revenues from other independent sources ²	72,314	20,768
Total for Program 1.2	403,305	442,552
Outcome 2 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	445	424
Grants received from Portfolio Department ¹	34,790	39,661
Revenues from industry sources	5,096	4,556
Revenues from other independent sources	290,660	377,143
Revenues from other independent source ²	72,314	20,768
Total expenses for Outcome 2	403,305	442,552
	2011-12	2012-13
Average Staffing Level (number)	569	515

¹ Refers to special appropriation under the Safety, Rehabilitation and Compensation Act 1988 s90D

² This revenue from other independent sources relates to non cash movements in workers' compensation claims liabilities.

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 2

Program 1.2: Comcare
Program objective
The objectives of this outcome are to:
<ul style="list-style-type: none"> • Strengthen recovery and support services for workers with an injury to support

- their return to health, return to work and return to independence
- Improve injury management practices and return to work performance
 - Improve decision making with decision support tools
 - Strengthen financial and business integrity for sustainability
 - Provide assurance that Comcare scheme employers and determining authorities have effective claims and injury management systems in place
 - Ensure that licensed self-insurers conform with their conditions of licence and meet continuous improvement targets.

Program 1.2 expenses

The Special Appropriation under s90D of the *Safety, Rehabilitation and Compensation Act 1988* (Grants received from Portfolio Departments) relates to workers' compensation claims that were accepted prior to the establishment of Comcare premium scheme on 1 July 1989. The costs of these claims are funded from the Consolidated Revenue Fund.

Expenses for claims accepted since 1 July 1989 are funded from premium revenue paid to Comcare and do not require appropriation.

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Annual Appropriation	445	424	427	423	424
Grants received from Portfolio Departments ¹	34,790	39,661	24,454	28,599	32,505
Expenses not requiring appropriation in the Budget year	295,756	381,699	398,806	417,885	437,901
Expenses not requiring appropriation in the Budget year ²	72,314	20,768	41,397	42,880	44,417
Total program expenses	403,305	442,552	465,084	489,787	515,247

¹ Refers to special appropriation under the Safety, Rehabilitation and Compensation Act 1988.

² This revenue from other independent sources relates to non cash movements in workers' compensation claims liabilities.

Comcare Budget Statements – Outcomes & performance

Program 1.2 Components

- Component 1.2.1 – SRC Act Regulation
- Component 1.2.2 – Management of Premium Claims
- Component 1.2.3 – Management of Pre-Premium Claims
- Component 1.2.4 – Provide support to the Seafarers Safety, Rehabilitation and Compensation Authority

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
<u>1.2.1 - SRC Act Regulation</u>					
Expenses not requiring Appropriation in the Budget year	11,677	10,383	10,694	11,015	11,346
Total component expenses	11,677	10,383	10,694	11,015	11,346
<u>1.2.2 - Management of Premium Claims</u>					
Expenses not requiring Appropriation in the Budget year ¹	723,908	353,820	364,435	375,368	386,629
Total component expenses	723,908	353,820	364,435	375,368	386,629
<u>1.2.3 - Management of Pre Premium</u>					
Grants from Portfolio Agencies ²	43,030	43,260	41,775	41,323	40,893
Expenses not requiring Appropriation in the Budget year	10,331	(24,666)	(28,396)	(22,573)	(16,701)
Total component expenses	53,361	18,594	13,379	18,750	24,192
<u>1.2.4 - Provide support to the Seafarers Safety Rehabilitation and Compensation Authority</u>					
Annual departmental expenses:					
Annual appropriation	445	424	431	423	424
Expenses not requiring Appropriation in the Budget year	594	612	630	649	669
Total component expenses	1,039	1,036	1,061	1,072	1,093
Total program expenses	789,985	383,833	389,569	406,205	423,259

¹ Due to movement in workers' compensation claims liabilities valuation.

² These amounts were previously received as special appropriation under the *Safety, Rehabilitation and Compensation Act 1988*.

Program 1.2 Deliverables

The program deliverables for this outcome are:

- Compensation decisions that are consistent, prompt and fair
- Better support for Comcare decision makers through improved insight and business process reforms in response to trends identified through accurate and accessible data
- Disputes being resolved quickly, fairly and at a low cost
- Expectations of employers’ roles and responsibilities as rehabilitation authorities are clear and are supported by targeted audits and regulatory activity
- Cost base is optimised so that every dollar Comcare spends counts

Program 1.2 Key Performance Indicators

The performance indicators for this outcome are:

- employers’ and injured workers’ satisfaction with recovery and support services
- other key performance indicators described in the table below.

Key Performance Indicators	2011-12 Revised budget	2012-13 Budget target	2013-14 Forw ard year 1	2014-15 Forw ard year 2	2015-16 Forw ard year 3
Durable return to work rate (i.e. the percentage of injured workers with two weeks lost time who were working in a paid job 7 to 9 months after lodging their claim)	79	89	90	90	90
Funding ratio (i.e. percentage of premium-related total assets to premium-related total liabilities)	71%	74%	78%	82%	86%
Percentage of licensees compliant with licensing obligations	100	100	100	100	100
Commonwealth average premium rate	1.41	1.80	1.80	1.80	1.80

Outcome 3: Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims.

Outcome 3 Strategy

Comcare will achieve this outcome by:

- Paying appropriate compensation to victims of asbestos-related diseases in a timely manner
- Managing the Commonwealth’s asbestos-related disease liabilities at common law in accordance with relevant laws and Australian Government policies
- Strengthening expertise in asbestos claims management through collaboration with stakeholder and research initiatives (for example the Asbestos Innovation Fund and a national Asbestos Forum)

Outcome 3 Expenses Statement

Table 2.1.3 provides an overview of the total expenses for Outcome 3, by program.

Table 2.1.3: Budgeted Expenses for Outcome 3

Outcome 3: Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims.	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.3: Comcare		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,190	5,092
Grants received from Portfolio Department ¹	23,270	27,890
Revenues from other independent sources ²	16,812	6,618
Total for Program 1.3	45,272	39,600
Outcome 3 Totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,190	5,092
Grants received from Portfolio Department ¹	23,270	27,890
Revenues from other independent sources ²	16,812	6,618
Total expenses for Outcome 3	45,272	39,600
	2011-12	2012-13
Average Staffing Level (number)	19	21

¹ Refers to special appropriation *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005*.

² Revenues from other independent sources are the non cash movements in asbestos-related disease claim liabilities.

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 3

Program 1.3: Comcare

Program Objective

The objectives of this outcome are:

- to provide responsive and sensitive support to people suffering from an asbestos-related disease and their families and work towards the earliest possible resolution of their claim
- to recover contributions to compensation payments from third parties which, in turn, should contribute to the funds available for future compensation payments to primary claimants who have an asbestos-related disease
- to implement better approaches to the management of common law asbestos-related claims.

Program 1.3 Expenses

Claims administration and claims settlements costs are expected to remain relatively stable in the budget and forward years. The movement (non-cash) in outstanding claims liabilities is expected to reduce over the forward estimates.

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Annual Appropriation	5,190	5,092	5,139	5,080	5,132
Grants received from Portfolio Departments ¹	23,270	27,890	31,332	32,877	34,005
Expenses not requiring appropriation in the Budget year ²	16,812	6,618	3,116	1,516	316
Total program expenses	45,272	39,600	39,587	39,473	39,453

¹ Grants received from Portfolio Departments in relation to special appropriation *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005*.

² This figure represents the amount for the non-cash movement in the asbestos-related disease claims liability.

Program 1.3 Deliverables

The program deliverables for this outcome are:

- manage asbestos-related claims liabilities consistently and in accordance with relevant legislation or Australian Government policies.
- collaborate with stakeholders to define a better approach to the management of all common law asbestos-related claims
- examine how this approach could be applied to related federal dust disease liabilities
- support Safe Work Australia to harmonise approaches to safety, statutory and common law compensation for workplace dust diseases
- maintain accurate data and other information about asbestos-related liabilities to ensure accurate valuation of future projected liabilities
- delivery of practical programs and research which raise awareness of asbestos, improve its management and removal and provide better treatment and support for asbestos-related disease sufferers and their families.

Program 1.3 Key Performance Indicators

The performance indicators for this outcome are:

- the extent to which Comcare complies with the Commonwealth Legal Service Directions, the management objectives contained in the Asbestos Litigation Policy Statement and any Court/Tribunal Rules/Orders in respect of all asbestos-related disease claims.
- the accuracy and completeness of data given to the external actuaries for the purpose of the annual actuarial valuation of asbestos-related liabilities.
- other performance measures described in the table below.

Key Performance Indicators	2011-12 Revised budget	2012-13 Budget target	2013-14 Forw ard year 1	2014-15 Forw ard year 2	2015-16 Forw ard year 3
The percentage of primary asbestos claims settled by Comcare w ithin 180 calendar days	67	65	65	65	65
Percentage of the value of asbestos claims settlements recovered from third parties	8	5	5	5	5

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 2012-13 budget year. 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

Comcare has no movement of administered funds to report. For this reason Table 3.1.1 is not presented.

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 FMA Act or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for the special account for which the Seafarers Safety, Rehabilitation and Compensation Authority is responsible.

Table 3.1.2: Estimates of Special Account Flows and Balances

	Opening balance 2012-13 <i>2011-12</i>	Receipts 2012-13 <i>2011-12</i>	Payments 2012-13 <i>2011-12</i>	Adjustments 2012-13 <i>2011-12</i>	Closing balance 2012-13 <i>2011-12</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Seafarers Rehabilitation and Compensation (A) Account s20 FMA Act	1,303 <i>1,303</i>	132 <i>132</i>	132 <i>132</i>	- <i>-</i>	1,303 <i>1,303</i>
Total Special Accounts	1,303	132	132	-	1,303
<i>Total Special Accounts</i>					
<i>2010-11 estimate actual</i>	<i>1,303</i>	<i>132</i>	<i>132</i>	<i>-</i>	<i>1,303</i>

(A) = Administered

The Special Account was established for the purpose of providing a safety net under section 96 of the Seafarers Rehabilitation and Compensation Act 1992 for the compensation and rehabilitation of injured seafarers not otherwise covered by an employer.

Transactions against this special account reflect:

- levy collections from shipping operators
- expenses incurred in the administration of the Seafarers Safety Net Fund and claim payments (if any).

3.1.3 Australian Government Indigenous Expenditure

Comcare has no Australian Government Indigenous Expenditure to report. For this reason Table 3.1.3 is not presented

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is a significant difference between the resources shown as being available in Table 1.1: Comcare resource statement and the financial statements, especially in relation to the 'estimate of prior amounts available in 2012-13'. These funds relate to retained premium funds from Comcare's workers' compensation business, which are held to discharge future claims liabilities.

The significant financial assets detailed in Table 3.2.2: Budgeted departmental balance sheet (appropriations receivable) will fund claim payments over approximately the next 30 years. For most other agencies the majority of such resources are usually restricted to funding employee entitlements and fixed asset purchases. These resources have not been shown in the Comcare resource statement because guidelines for the preparation of the Portfolio Budget Statements do not permit it and inclusion of these resources in the resource statement would lead to a distortion of Comcare's overall resource position.

3.2.2 Analysis of budgeted financial statements

Revenue from independent sources

Comcare's total independent revenue is estimated to increase from \$320.8 million in 2011-12 to \$404.8 million in 2012-13.

Comcare's independent actuary increased its mid-year valuation of outstanding claims liabilities as at 30 June 2012 for the public sector workers' compensation scheme. Comcare is forecasting that the premium pool required to fund the lifetime cost of injuries expected to be incurred in 2012-13 will be \$79.6 million higher than the 2011-12 premium pool. The forecast increase is in response to the need to return the Comcare scheme to a sustainable funding position over time. The drivers of the increased valuation in outstanding claims liabilities include model and assumption changes to reflect lower 'exit rates' for long tail claims; economic factors; poor return to work outcomes for recent claims; and legislative change.

There are many sources of uncertainty in estimating outstanding liabilities in accident compensation schemes, particularly for a 'long tail' scheme such as the Comcare workers' compensation scheme. Assumptions and experience will vary. Models and methods may not match the underlying claims process. Future economic and environmental conditions may be different to those assumed. Past claim fluctuations may create uncertainty in model parameters. For the Comcare scheme, better insights are emerging after twenty years of data to highlight limitations of earlier assumptions. Discount rates will vary to reflect changes in interest rate and inflation assumptions. Changes in scheme experience following major legislative change only emerges after a period of time.

Comcare Budget Statements – Budgeted financial statements

The total amount to be collected through premiums and the premiums for each agency will be determined by Comcare in June 2012 after consideration of the actuary's final advice which will be based on more recent data.

Licence fees and regulatory contributions in 2012-13 remain at the 2011-12 levels. This reflects Comcare's commitment to exercise fiscal discipline in line with the Commonwealth Government's policy.

A breakdown of revenue from independent sources for 2011-12 and 2012-13 is as follows:

	2011-12	2012-13
	Estimated actual	Budget estimate
	\$'000	\$'000
Workers compensation premiums	266,692	346,322
Interest	19,796	24,388
Licence fees	13,711	13,772
Sale of Goods & Services		
Regulatory contributions ¹	18,276	18,329
Other	2,275	2,036
Other non tax revenue	-	-
Total	320,750	404,847

Expenses

Total expenses are budgeted to decrease from \$867.7 million in 2011-12 to \$447.3 million in 2012-13.

Major variances between the two years include:

- a \$417.2m reduction in claims expense mainly as a result of expected trend in outstanding claims liabilities. A major upward adjustment in claims liabilities is expected for 2011-12 based on Comcare's actuary's mid-year valuation report. Thereafter, the actuary expects that movements in claims liabilities will be within the range of inflation.
- employee expense is expected to reduce by \$7.0m while depreciation and amortisation expense will increase by \$2.8m due to expected completion of new office fitout and major technology projects in 2012-13.

Claims liabilities

There are two elements of outstanding workers' compensation claims liabilities:

- claims with a date of injury before 1 July 1989 – referred to as pre-premium claims
- claims with a date of injury on or after 1 July 1989 – referred to as premium claims.

It is expected that pre-premium claims liabilities will continue to decrease over time, while premium claims liabilities will remain relatively stable after 30 June 2012.

The other major component of Other Provisions in the Balance Sheet is an actuarial assessment for asbestos-related common law liabilities. Claims liability provisions are based on the actuarial valuations.

Estimates for gross claims liabilities as at 30 June 2012 and each forward year are as follows:

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Workers' compensation liabilities					
Premium	2,007,600	2,081,500	2,152,100	2,225,100	2,300,800
Pre-Premium	381,100	353,700	328,300	305,300	284,400
Asbestos-related common law	612,700	619,400	622,400	623,700	623,600

Operating result for 2011-12

In the *Portfolio Budget Statements 2011-12*, Comcare forecast a \$12 million operating surplus for 2011-12. Comcare's projection was based on the financial position of Comcare at 30 June 2011 and took account of advice from its independent actuaries regarding expected workers' compensation claims liabilities and premiums.

Comcare wrote to the Minister for Finance and Deregulation in October 2011 to advise that the increase in valuation of claims liabilities at 30 June 2011 had put Comcare very close to reaching the maximum amount of cash reserve retained by the Commonwealth under section 90C of the *Safety, Rehabilitation and Compensation Act 1988*. Comcare advised the Minister for Finance and Deregulation that, if future valuations of outstanding claims liabilities were to increase, Comcare would need to report an operating deficit. Comcare also noted that this should not be a cause for concern about underlying financial sustainability – Comcare can meet its cash outflows from revenues and, if needed, its cash reserves.

The subsequent increase in the actuaries's mid-year valuation of outstanding claims liabilities will result in Comcare reporting an operating loss for 2011-12. Approval to report the loss has been granted by the Minister for Finance and Deregulation.

Notwithstanding the loss in 2011-12, Comcare expects to report operating surpluses in 2012-13 and the forward years. The budgeted surpluses are a result of revised

premium pricing strategies and are achievable provided that movements in claims liabilities stay within the range of inflation as expected.

3.2.3 Budgeted financial statements tables

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	67,449	60,465	61,977	63,528	65,114
Supplier expenses	37,918	38,957	34,805	35,675	36,569
Depreciation and amortisation	6,279	9,090	7,633	7,633	7,633
Claims	756,017	338,835	349,235	364,061	379,380
Total expenses	867,663	447,347	453,650	470,897	488,696
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	20,551	20,365	20,872	21,394	21,928
Fees and fines	13,711	13,772	14,116	14,469	14,832
Interest	19,796	24,388	24,941	29,737	34,924
Non tax Revenue	89,114	27,368	44,497	44,380	44,717
Grants received from Portfolio Department	58,060	67,551	55,786	61,476	66,510
Workers Compensation Received	266,692	346,322	362,599	376,740	391,433
Total own-source revenue	467,924	499,766	522,811	548,196	574,344
Gains					
Total gains	-	-	-	-	-
Total own-source income	467,924	499,766	522,811	548,196	574,344
Net cost of (contribution by) services	(399,739)	52,419	69,161	77,299	85,648
Revenue from Government	13,059	6,300	6,354	6,283	6,340
Surplus (Deficit)	(386,680)	58,719	75,515	83,582	91,988
Surplus (Deficit) attributable to the Australian Government	(386,680)	58,719	75,515	83,582	91,988
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	(386,680)	58,719	75,515	83,582	91,988

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	219,584	305,233	402,239	507,503	621,649
Trade and other receivables	2,393,861	2,450,561	2,520,188	2,585,371	2,568,152
Other	5,050	5,050	5,050	5,050	5,050
Total financial assets	2,618,495	2,760,844	2,927,477	3,097,924	3,194,851
Non-financial assets					
Property, plant and equipment	17,934	28,981	34,469	40,846	45,343
Intangibles	9,901	8,250	5,140	1,880	500
Other	1,075	1,075	1,075	1,075	1,075
Total non-financial assets	28,910	38,306	40,684	43,801	46,918
Assets held for sale	-	-	-	-	-
Total assets	2,647,405	2,799,150	2,968,161	3,141,725	3,241,769
LIABILITIES					
Payables					
Suppliers	6,930	6,930	6,930	6,930	6,930
Other	9,225	9,225	9,225	9,225	9,225
Total payables	16,155	16,155	16,155	16,155	16,155
Provisions					
Employee provisions	11,582	11,026	10,562	10,058	9,514
Other	2,990,540	3,084,122	3,178,082	3,268,568	3,277,168
Total provisions	3,002,122	3,095,148	3,188,644	3,278,626	3,286,682
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	3,018,277	3,111,303	3,204,799	3,294,781	3,302,837
Net assets	(370,872)	(312,153)	(236,638)	(153,056)	(61,068)
EQUITY*					
Parent entity interest					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Reserves	354	354	354	354	354
Retained surplus (accumulated deficit)	(378,943)	(320,224)	(244,709)	(161,127)	(69,139)
Total parent entity interest	(370,872)	(312,153)	(236,638)	(153,056)	(61,068)
Total Equity	(370,872)	(312,153)	(236,638)	(153,056)	(61,068)

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2012-13)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	(378,943)	354	-	7,717	(370,872)
Adjusted opening balance	(378,943)	354	-	7,717	(370,872)
Comprehensive income					
Sub-total comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	58,719	-	-	-	58,719
Total comprehensive income recognised directly in equity	58,719	-	-	-	58,719
Transactions with owners					
Contributions by owners					
Contribution/(Distribution) of Equity	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Estimated closing balance as at 30 June 2013	(320,224)	354	-	7,717	(312,153)

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	36,276	36,105	37,019	37,952	38,912
Annual Appropriations	14,403	6,300	6,354	6,283	6,340
Grants received from Portfolio Department	31,526	34,789	32,277	39,597	34,346
Interest	19,796	24,388	24,941	29,737	34,924
Other	305,968	376,395	387,621	404,460	415,654
Total cash received	407,969	477,977	488,212	518,029	530,176
Cash used					
Employees	67,294	61,022	62,443	64,031	65,659
Suppliers	41,411	42,551	38,509	39,440	40,283
Net GST paid	23,754	25,018	24,969	24,968	22,660
Other	252,023	245,251	255,274	273,576	276,678
Total cash used	384,482	373,842	381,195	402,015	405,280
Net cash from (used by) operating activities	23,487	104,135	107,017	116,014	124,896
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	22,018	18,486	10,011	10,750	10,750
Total cash used	22,018	18,486	10,011	10,750	10,750
Net cash from (used by) investing activities					
FINANCING ACTIVITIES					
Cash received					
Other	7,112	-	-	-	-
Total cash received	7,112	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities					
Net increase (decrease) in cash held	8,581	85,649	97,006	105,264	114,146
Cash and cash equivalents at the beginning of the reporting period	211,003	219,584	305,233	402,239	507,503
Cash and cash equivalents at the end of the reporting period	219,584	305,233	402,239	507,503	621,649

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Equity injections - Bill No. 2	7,112	-	-	-	-
Total capital appropriations	7,112	-	-	-	-
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	7,112	-	-	-	-
Total Items	7,112	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	7,112	-	-	-	-
Funded internally from departmental resources ¹	14,906	18,486	10,011	10,750	10,750
TOTAL	22,018	18,486	10,011	10,750	10,750
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	22,018	18,486	10,011	10,750	10,750
Total cash used to acquire assets	22,018	18,486	10,011	10,750	10,750

¹ Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- internally developed assets
- proceeds from the sale of assets

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2012-13)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2012			
Gross book value	32,533	20,466	52,999
Accumulated depreciation/amortisation and impairment	(14,599)	(10,565)	(25,164)
Opening net book balance	17,934	9,901	27,835
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase or internally developed	16,877	1,609	18,486
Total additions	16,877	1,609	18,486
Other movements			
Depreciation/amortisation expense	(5,830)	(3,260)	(9,090)
Disposals - Non cash consideration	-	-	-
As at 30 June 2013			
Gross book value	49,410	22,075	71,485
Accumulated depreciation/amortisation and impairment	(20,429)	(13,825)	(34,254)
Disposals - Non cash consideration	-	-	-
Closing net book balance	28,981	8,250	37,231

¹ "Appropriation equity" refers to equity injections or Administered Assets and Liabilities appropriations provided through Appropriation Bill (No.2) 2011-12, including CDABs.

² "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2011-12 for depreciation / amortisation expenses, DCBs / ACBs or other operational expenses.

³ Proceeds may be returned to the OPA.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of Budgeted Income and Expenses Administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation revenue					
<i>Total taxation revenue</i>	-	-	-	-	-
Non-taxation revenue					
Other sources of non-taxation revenues	132	132	132	132	132
<i>Total non-taxation revenue</i>	132	132	132	132	132
Total revenues administered on behalf of Government	132	132	132	132	132
Gains					
Total gains administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	132	132	132	132	132
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Supplier expenses	132	132	132	132	132
Total expenses administered on behalf of Government	132	132	132	132	132

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	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	1,312	1,312	1,312	1,312	1,312
Total financial assets	1,312	1,312	1,312	1,312	1,312
Non-financial assets					
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of Government	1,312	1,312	1,312	1,312	1,312
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	-	-	-	-	-
Other	115	115	115	115	115
Total payables	115	115	115	115	115
Provisions					
Total provisions	-	-	-	-	-
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of Government	115	115	115	115	115

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of Budgeted Administered Cash Flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Other	132	132	132	132	132
Total cash received	132	132	132	132	132
Cash used					
Suppliers	132	132	132	132	132
Total cash used	132	132	132	132	132
Net cash from (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Special Accounts	132	132	132	132	132
Cash to Official Public Account for:					
- Special Accounts	132	132	132	132	132
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget

Comcare has no administered capital purchases to report. For this reason Table 3.2.10 is not presented.

Table 3.2.11: Schedule of Asset Movements — Administered

Comcare has no administered non financial assets to report. For this reason Table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

Accounting policy

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Boards and the Consensus Views of the Urgent Issues Group
- having regard to Statements of Accounting Concepts.

Agency items

Agency assets, liabilities, revenues and expenses are those items that are controlled by Comcare including:

- computers, plant and equipment used in providing goods and services
- liabilities for outstanding workers' compensation claims
- liabilities for asbestos-related common law claims
- liabilities for employee entitlements
- revenues from appropriations for resources used in providing goods and services
- other revenues which largely consist of workers' compensation premiums collected from other Commonwealth Government agencies
- employee expenses and other administrative expenses incurred in providing goods and services.

Administered assets, liabilities, revenues and expenses are those items which are controlled by the Government and managed or overseen by the department or agency on behalf of the Government. For the Seacare Authority these are levies collected under the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*.

Agency revenue from government

Comcare receives annual appropriations for its regulatory activities. Comcare also receives two types of special appropriations through its portfolio department. Grants received from Portfolio Department represent cash appropriation for the payment of claims during the financial year. Non Tax Revenue is a non cash appropriation representing the increase or decrease in claims liabilities which will be payable in future years. Only Grants received from Portfolio Department is included in the relevant Appropriation Bill under the category Agency/CAC receipts. As Table 1.1 Comcare resource statement is required to be consistent with the Appropriation Bill, the non cash component has been excluded from the resource statement.

Noting the above, the total departmental cash appropriation (both annual and grants received from portfolio department) from Government in 2012-13 is estimated at \$73.9 million (2011-12 \$71.1 million). The non cash appropriation is \$27.4 million (2011-12 \$89.1 million) reflecting an expected increase in claim liabilities during the year based on actuarial assessment.

Reconciliation between Agency Resource Statement and Income Statement	2011-12 Revised Budget \$'000	2012-13 Budget \$'000
Agency Resource Statement		
Annual Appropriation	14,403	6,300
Grants received from Portfolio Department	58,060	67,551
Income Statement		
Revenue from Government	13,059	6,300
Grants received from Portfolio Department	58,060	67,551
Non Tax Revenue	89,114	27,368
	(87,770)	(27,368)
less 2010-11 budget measure annual appropriation	(1,344)	
Government funding for non-cash movement in liabilities	89,114	27,368
Total	-	-

Agency revenue from other sources

Revenue from goods and services is recognised upon the delivery of the goods and services to the customers. Premium revenue is recognised as it is owned and controlled by Comcare.

Agency expenses - employees

This item represents employee expenses incurred including the net increase in entitlements to employees for services rendered in the financial year.

Agency expenses – depreciation and amortisation

Property, plant and equipment assets are depreciated to their estimated residual values over their estimated useful lives to Comcare using, in all cases, the straight-line method of depreciation. The estimated useful life of these assets is between three and ten years.

Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Intangibles are amortised over periods between three and five years.

Agency expenses- other costs of providing goods and services

This item represents purchases of goods and services from suppliers.

Agency expenses - other

This item represents workers' compensation claims payments including net movements in outstanding workers' compensation claims liabilities and common law settlements for asbestos-related compensation cases.

Accounting policy

The premium scheme covers employees of Commonwealth Government agencies and the ACT Government covered by the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) for injuries and illnesses sustained on or after 1 July 1989. A methodology developed by an independent actuary is used to calculate premiums to cover fully the liabilities expected to be incurred by the scheme.

Premiums do not cover any liabilities for injuries or illness sustained prior to 1 July 1989. These liabilities are funded by Parliamentary appropriation and are referred to as 'pre-premium' liabilities.

Section 90A (1) of the SRC Act requires that premiums collected for financial years prior to 1 July 2002 by Comcare be paid into the Consolidated Revenue Fund. The SRC Act does not presently provide for those premium funds (or the notional interest accrued) to be brought to account as assets of Comcare. Accordingly, these financial statements do not reflect these amounts except insofar as they are required to meet existing outstanding claims obligations. This amount is recognised as an appropriation receivable in the Balance Sheet.

Agency assets and liabilities – provisions and payables

Provision is made for:

- Comcare’s liability for employee entitlements arising from services rendered by employees to balance date
- an estimate for asbestos-related common law liabilities
- an estimate for outstanding workers compensation claims liabilities.

The liability for employee entitlements encompasses unpaid annual and long service leave. No provision is made for sick leave. The liability for leave expected to be settled within 12 months has been measured at its nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements have been taken into account.

The financial statements include, as provisions, an estimate for outstanding workers compensation claims and asbestos-related common law liabilities.

These estimates have been prepared by independent actuaries. They are based on analysis of the historical development of the relevant claims experience, with allowances for future claim escalation and administration expenses, and are discounted to a present value to allow for the time value of money. Outstanding claims liabilities are calculated in accordance with the Australian Accounting Standards Board standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The estimates of outstanding liabilities have been determined as central estimate of the liabilities. The central estimate refers to an unbiased estimate of the mean, or expected value, of the liability. There is approximately a 50/50 chance that when the forecast claim liabilities have been finally discharged they will prove to be either higher or lower than the central estimate.

Agency assets and liabilities – financial assets - cash

Cash includes deposits at call and term deposits with a bank or financial institution.

Agency assets and liabilities – financial assets - receivables

Receivables represent amounts owing to Comcare for goods and services that have been provided to external parties, together with an estimate of appropriations required to meet outstanding workers compensation claims liabilities.

Agency assets and liabilities – financial assets - other

This item represents an estimate for prepayments. Agency assets and liabilities – non-financial assets

These items represent future economic benefits that Comcare will consume in producing outputs. The reported value represents the fair value of assets less depreciation incurred to date in using that asset.

Property, plant and equipment are brought to account at cost, except for purchases costing less than \$3,000 which are expensed in the year of acquisition. Leasehold assets include an amount for the estimated value of restoring leased property to its pre-lease standard at the expiration of the lease.