

**Comcare, the Safety,  
Rehabilitation and  
Compensation Commission,  
and the Seafarers Safety,  
Rehabilitation and  
Compensation Authority**

**Agency Resources and Planned  
Performance**



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

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# COMCARE

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

Comcare partners with workers, their employers and employee organisations 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 aims to deliver better services to the Australian community, guided by Comcare’s Strategic Plan 2010–2015 (2015 Plan). Comcare’s 2015 Plan builds on three fundamental themes:

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

In 2014–15, Comcare will finalise delivery of its 2015 Strategic Plan and work to ensure Comcare is a responsive and effective regulator into the future.

Comcare’s priorities in 2014–15 include:

- streamlining the entrance of new self-insurers to the Comcare scheme
- promoting mental health and wellbeing at work, preventing psychological harm and promoting the health benefits of work
- effectively targeting known and emerging work health and safety risks

*Comcare Budget Statements 2014–15*

- promoting the ability to work and reducing unnecessary incapacity from workplace harm
- tackling the drivers of increased claims liabilities to strengthen our balance sheet
- being an exemplary workplace to attract, retain and inspire people who are passionate about their work
- working with the Department of Employment and the Australian Public Service Commission to respond to government priorities.

Comcare will be seeking approval to revise its budget outcomes in Comcare's 2015–16 Budget Statements to better reflect its business model (that separates its insurance and claim management activity from its scheme management and regulatory activity).

## 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 2014–15 as at Budget May 2014

Source	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
<b>Opening balance/Reserves at bank</b>	<b>397,646</b>	-	<b>397,646</b>	<b>289,830</b>
<b>REVENUE FROM GOVERNMENT</b>				
<b>Ordinary annual services<sup>1</sup></b>				
Outcome 1	-	2,189	2,189	2,215
Outcome 2	-	414	414	424
Outcome 3	-	4,960	4,960	5,085
<b>Total ordinary annual services</b>	-	<b>7,563</b>	<b>7,563</b>	<b>7,724</b>
<b>Total funds from Government</b>	-	<b>7,563</b>	<b>7,563</b>	<b>7,724</b>
<b>FUNDS FROM INDUSTRY SOURCES</b>				
Licence fees	-	14,793	14,793	14,757
<b>Total</b>	-	<b>14,793</b>	<b>14,793</b>	<b>14,757</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Interest	-	25,589	25,589	18,964
Sale of goods and services	-	2,085	2,085	2,388
Regulatory Contributions	-	20,012	20,012	20,100
Grants from Portfolio Department <sup>2</sup>	-	65,859	65,859	56,827
Workers' Compensation Premiums	-	487,100	487,100	407,271
<b>Total</b>	-	<b>600,645</b>	<b>600,645</b>	<b>505,550</b>
<b>Total net resourcing for Comcare</b>	-	<b>623,001</b>	<b>623,001</b>	<b>528,031</b>

<sup>1</sup> Appropriation Bill (No.1) 2014-15

<sup>2</sup> Grants from Portfolio Departments includes 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.

All figures are GST exclusive

Comcare is not directly appropriated as it is a CAC Act body. Appropriations are made to the Department of Employment which are then paid to Comcare and are considered 'departmental' for all purposes.

## 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Comcare are detailed in Budget Paper No. 2 and summarised below.

**Table 1.2 Agency 2014–15 Budget Measures**

**Part 1: Measures announced since the 2013–14 MYEFO**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures</b>						
Efficiency Dividend - a further temporary increase of 0.25 per cent	All					
Departmental expenses		-	(20)	(38)	(47)	(47)
<b>Total</b>		-	<b>(20)</b>	<b>(38)</b>	<b>(47)</b>	<b>(47)</b>
<b>Total expense measures</b>						
Departmental		-	(20)	(38)	(47)	(47)
<b>Total</b>		-	<b>(20)</b>	<b>(38)</b>	<b>(47)</b>	<b>(47)</b>

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 programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, 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
- promoting the positive links between work and health
- focusing on preventing harm in the workplace, keeping workers healthy and safe at work, and reducing the number and severity of safety incidents
- education and assurance services that will focus on employers not providing a healthy and safe work environment
- responding to health and safety incidents in a timely way and ensuring appropriate justice in response to death, serious injury or dangerous occurrences
- enforcing compliance with the Commonwealth work health and safety laws
- continuing to work with other regulators to ensure there are no work health and safety gaps and remove duplication of coverage by regulators.

## Outcome 1 Expense Statement

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

**Table 2.1.1 Budgeted Expenses for Outcome 1**

<b>Outcome 1: The protection of the health, safety and welfare at work of workers covered by the Comcare scheme through education, assurance and enforcement</b>	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Programme 1: Comcare Departmental Outcome 1</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	2,215	2,189
Revenues from industry sources	8,715	8,440
Revenues from other independent sources	13,566	15,309
<b>Total for Programme 1</b>	<b>24,496</b>	<b>25,938</b>
<b>Outcome 1 Totals by resource type</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	2,215	2,189
Revenues from industry sources	8,715	8,440
Revenues from other independent sources	13,566	15,309
<b>Total expenses for Outcome 1</b>	<b>24,496</b>	<b>25,938</b>
	2013-14	2014-15
<b>Average Staffing Level (number)</b>	160	152

## Contributions to Outcome 1

### Programme 1 Comcare

#### Programme objective

The objectives for this programme are:

- promoting worker health, wellbeing and resilience
- preventing harm in workplaces covered by the Comcare scheme
- stronger enforcement and justice outcomes
- compliance with federal work health and safety laws.

#### Programme 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.

**Table 2.1.1 Programme 1 expenses**

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual departmental expenses:					
Annual Appropriation	2,215	2,189	2,170	749	756
Expenses not requiring appropriation in the Budget year	22,281	23,749	24,295	24,639	25,018
<b>Total Programme expenses</b>	<b>24,496</b>	<b>25,938</b>	<b>26,465</b>	<b>25,388</b>	<b>25,774</b>

#### Programme 1 deliverables

The programme deliverables for this outcome are:

- implement improved work design principles to reduce workplace risks related to mental health and wellbeing
- support health and safety representatives to improve the impact of work health and safety outcomes
- priority risks and workplace harms are identified and reduced through work health and safety campaigns
- stronger regulation of workplace hazards that may impact mental health and wellbeing
- scheme employers and front-line managers have increased capability to implement work health and safety systems and standards to prevent harm in workplaces covered by the Comcare scheme
- work health and safety duties and obligations are well understood and applied

- investigative, inspectorate and audit services respond to health and safety incidents in a timely way and ensure appropriate health, safety and/or justice outcomes in response to death, serious injury or dangerous incidents
- to contribute to the delivery of the Australian Work Health and Safety Strategy 2012–2022

**Programme 1 key performance indicators**

The key performance indicators for this outcome are:

- satisfaction of workers, health and safety representatives and employers with Comcare’s work health and safety support and guidance and the impact of Comcare’s regulatory interventions
- the success of prosecutions for breaches of the *Work Health and Safety Act 2011*.

**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 to return to work and return to independence as quickly as possible
- working with employers and employees to prevent workplace injury and disease
- supporting employers to build culture and systems that improve earlier recovery and return to work
- developing a better understanding of the experience and expectations of injured workers
- delivering services that are informed by the community Comcare serves
- improving the quality, consistency and timeliness of claims decisions through better use of information, tools and expertise
- delivering improved claims management efficiency by improving business processes and systems
- 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
- working with the Department of Employment to implement legislative changes to the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

**Outcome 2 Expense Statement**

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

**Table 2.1.2 Budgeted Expenses for Outcome 2**

<b>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</b>	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Programme 2: Comcare Departmental Outcome 2</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	424	414
Grants received from portfolio department	40,980	39,503
Revenues from industry sources	6,042	6,353
Revenues from other independent sources	390,185	421,004
Revenues from other independent sources <sup>1</sup>	(1,132)	2,756
<b>Total for Programme 2</b>	<b>436,499</b>	<b>470,030</b>
<b>Outcome 2 Totals by resource type</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	424	414
Grants received from portfolio department	40,980	39,503
Revenues from industry sources	6,042	6,353
Revenues from other independent sources	390,185	421,004
Revenues from other independent sources <sup>1</sup>	(1,132)	2,756
<b>Total expenses for Outcome 2</b>	<b>436,499</b>	<b>470,030</b>
	2013-14	2014-15
<b>Average Staffing Level (number)</b>	<b>494</b>	<b>502</b>

<sup>1</sup> This relates to non-cash movements in workers' compensation claims liabilities

## Contributions to Outcome 2

### Programme 2 Comcare

#### Programme objective

The objectives of this outcome are:

- timely, responsive and appropriate management of workers' compensation claims
- recovery and support information and services for workers with an injury which support their return to health, return to work and return to independence
- continuous improvement in injury management practices and return to work performance
- decision-making leading to fair and equitable compensation
- management of claims liabilities within an appropriate framework
- the SRCC is supported and enabled by Comcare to effectively deliver its statutory functions
- the Seacare Authority is supported and enabled by Comcare to effectively deliver its statutory functions
- Comcare scheme employers and determining authorities have effective claims and injury management systems in place
- ensure that licensed self-insurers comply with their conditions of licence and meet continuous improvement targets.

#### Programme 2 expenses

- The Special Appropriation under s90D of the SRC Act (Grants received from Portfolio Departments) relates to workers' compensation claims that were accepted prior to the establishment of the 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.

**Table 2.1.2 Programme 2 expenses**

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual departmental expenses:					
Annual Appropriation	424	414	408	405	409
Grants received from portfolio department	40,980	39,503	38,282	36,449	34,885
Expenses not requiring appropriation in the Budget year	396,227	427,357	448,899	477,170	506,045
Expenses not requiring appropriation in the Budget year <sup>1</sup>	(1,132)	2,756	6,935	11,418	15,015
<b>Total Programme expenses</b>	<b>436,499</b>	<b>470,030</b>	<b>494,524</b>	<b>525,442</b>	<b>556,354</b>

<sup>1</sup> This relates to non-cash movements in workers' compensation claims liabilities

**Programme 2: components**

- Component 2.1 – SRC Act Regulation
- Component 2.2 – Management of Premium Claims
- Component 2.3 – Management of Pre-Premium Claims
- Component 2.4 – Provide support to the Seafarers Safety, Rehabilitation and Compensation Authority



**Table 2.1.2A Programme 2 components**

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
<b><u>2.1 - SRC Act Regulation</u></b>					
Expenses not requiring Appropriation in the Budget year	13,540	13,977	14,087	14,303	14,526
Total component expenses	<b>13,540</b>	<b>13,977</b>	<b>14,087</b>	<b>14,303</b>	<b>14,526</b>
<b><u>2.2 - Management of Premium Claims</u></b>					
Expenses not requiring Appropriation in the Budget year	417,154	449,749	472,076	501,077	530,701
Total component expenses	<b>417,154</b>	<b>449,749</b>	<b>472,076</b>	<b>501,077</b>	<b>530,701</b>
<b><u>2.3 - Management of Pre-Premium Claims</u></b>					
Grants received from portfolio department	40,980	39,503	38,282	36,449	34,885
Expenses not requiring Appropriation in the Budget year	(36,607)	(34,213)	(30,972)	(27,454)	(24,843)
Total component expenses	<b>4,373</b>	<b>5,290</b>	<b>7,310</b>	<b>8,995</b>	<b>10,042</b>
<b><u>2.4 - Provide support to the Seafarers' Safety Rehabilitation and Compensation Authority</u></b>					
Annual departmental expenses:					
Annual Appropriation	424	414	408	405	409
Expenses not requiring Appropriation in the Budget year	1,008	600	643	662	676
Total component expenses	<b>1,432</b>	<b>1,014</b>	<b>1,051</b>	<b>1,067</b>	<b>1,085</b>
<b>Total Programme expenses</b>	<b>436,499</b>	<b>470,030</b>	<b>494,524</b>	<b>525,442</b>	<b>556,354</b>

## Programme 2 deliverables

The programme deliverables for this outcome are:

- compensation decisions are consistent, prompt and fair
- disputes are 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
- Comcare operates efficiently to deliver value for money.

## Programme 2 key performance indicators

The performance indicators for this outcome are described in the table below.

**Table 2.1.2B Programme 2 key performance indicators**

Key Performance Indicators	2013-14 Estimated actual	2014-15 Budget	2015-16 Forward estimate	2016-17 Forward estimate	2017-18 Forward estimate
Durable return to work rate (i.e. the percentage of injured workers from premium paying organisations with ten or more days lost time, who had submitted a claim 7-9 months prior to interview, and who were working in a paid job at the time of the interview)	89%	90%	90%	90%	90%
Funding ratio (i.e. the percentage of premium-related total assets to premium-related total liabilities)	67%	71%	75%	79%	84%
Percentage of licensees compliant with licencing obligations	100%	100%	100%	100%	100%
Commonwealth average premium rate	1.82	2.12	2.12	2.12	2.12
Employer satisfaction with recovery and support services	57%	61%	65%	65%	65%
Injured worker satisfaction with recovery and support services	79%	81%	83%	83%	83%

**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
- supporting practical programmes and research which improve treatment and support for asbestos-related disease sufferers and their carers
- collaborating with stakeholders to define a better approach to the management of common law asbestos-related claims
- recovering contributions to compensation payments from liable third parties.

### Outcome 3 Expense Statement

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

**Table 2.1.3 Budgeted Expenses for Outcome 3**

<b>Outcome 3: Access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims</b>	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Programme 3: Comcare Departmental Outcome 3</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,085	4,960
Grants received from portfolio department	15,847	26,356
Revenues from other independent sources	1,438	1,696
Revenues from other independent sources <sup>1</sup>	14,840	(840)
<b>Total for Programme 3</b>	<b>37,210</b>	<b>32,172</b>
<b>Outcome 3 Totals by resource type</b>		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	5,085	4,960
Grants received from portfolio department	15,847	26,356
Revenues from other independent sources	1,438	1,696
Revenues from other independent sources <sup>1</sup>	14,840	(840)
<b>Total expenses for Outcome 3</b>	<b>37,210</b>	<b>32,172</b>
	2013-14	2014-15
<b>Average Staffing Level (number)</b>	21	20

<sup>1</sup> This relates to non-cash movements in asbestos-related disease claims liabilities

## Contributions to Outcome 3

### Programme 3 Comcare

#### Programme objective

The objectives of this outcome are to:

- achieve resolution of asbestos related claims in a responsive, timely and appropriate manner
- manage asbestos related compensation liabilities within an appropriate prudential framework.

#### Programme 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.

**Table 2.1.3A Programme 3 expenses**

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward estimate \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000
Annual departmental expenses:					
Annual Appropriation	5,085	4,960	4,929	4,898	4,946
Grants received from portfolio department	15,847	26,356	30,031	31,586	32,543
Expenses not requiring appropriation in the Budget year	1,438	1,696	1,757	1,901	1,970
Expenses not requiring appropriation in the Budget year <sup>1</sup>	14,840	(840)	(6,720)	(9,380)	(11,340)
<b>Total Programme expenses</b>	<b>37,210</b>	<b>32,172</b>	<b>29,997</b>	<b>29,005</b>	<b>28,119</b>

<sup>1</sup> This relates to non-cash movements in workers' compensation claims liabilities

#### Programme 3 deliverables

The programme deliverables for this outcome are:

- asbestos-related claims are managed consistently and in accordance with relevant legislation and Australian Government policies
- accurate data and other information about asbestos-related liabilities is provided to ensure sound valuation of liabilities
- recoveries are received from liable third parties
- Comcare's operating and legal expenses deliver value for money.

### Programme 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
- other performance measures are described in the table below.

**Table 2.1.3B Programme 3 key performance indicators**

Key Performance Indicators	2013-14 Estimated actual	2014-15 Budget	2015-16 Forward estimate	2016-17 Forward estimate	2017-18 Forward estimate
The percentage of primary asbestos claims settled by Comcare within 180 calendar days	65%	65%	65%	65%	65%
Percentage of the value of asbestos claims settlements recovered from third parties	5%	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 Comcare’s finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Australian 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 <b>2014-15</b> 2013-14	Receipts <b>2014-15</b> 2013-14	Payments <b>2014-15</b> 2013-14	Adjustments <b>2014-15</b> 2013-14	Closing balance <b>2014-15</b> 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Seafarers Rehabilitation and Compensation Account s20 FMA Act (A)		<b>1,322</b> 1,322	<b>132</b> 132	<b>132</b> 132	- -	<b>1,322</b> 1,322
<b>Total Special Accounts</b>						
<b>2014-15 Budget estimate</b>	<b>2</b>	<b>1,322</b>	<b>132</b>	<b>132</b>	-	<b>1,322</b>
<i>Total Special Accounts</i>						
<i>2013-14 estimated actual</i>	2	1,322	132	132	-	1,322

(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 maritime 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

The difference between the available resources shown in Table 1.1: Comcare resource statement and Table 3.2.1: Comprehensive Income Statement is due to prior year amounts available in 2014–15. The prior year amounts relate to retained premium funds, which are held to discharge future premium claims liabilities. Table 3.2.2: Budgeted Departmental Balance Sheet also includes significant financial assets (appropriations receivable) which will fund claim payments over the lifetime of the outstanding claims.

### 3.2.2 Analysis of budgeted financial statements

#### Income

Comcare’s total income in 2014–15 is budgeted at \$624.9 million, compared to \$541.7 million in 2013–14 (i.e. an increase of \$83.2 million).

Revenue from independent sources, which excludes annual appropriations and other cash and non-cash appropriations received from the portfolio department, is budgeted at \$549.6 million (refer to table below).

#### Revenue from independent sources

	<b>Estimated actual 2013-14 \$'000</b>	<b>Budget estimate 2014-15 \$'000</b>
Workers' compensation premium	407,271	487,100
Licence fees	14,757	14,793
Regulatory contributions	20,100	20,012
Interest	18,964	25,589
Sales of goods and rendering of services	2,388	2,085
<b>Total</b>	<b>463,480</b>	<b>549,579</b>

The increase in income is mainly due to an increase in workers’ compensation premiums which increased by \$79.8 million (i.e. from \$407.3 million to \$487.1 million). Continuing from the premium strategy for 2013–14, premiums for 2014–15 will include a recovery margin. This is one of several Comcare strategies designed to restore the premium scheme to a fully funded position over the medium term.

Licence fees and regulatory contributions collected by Comcare in 2014–15 are budgeted to remain at the same level as in 2013–14 (i.e. zero per cent growth). Comcare has committed to finding efficiencies that will enable it to provide the same standard of regulatory activities without increasing the regulatory charges on industry.



## **Expenses**

Comcare's total expenses in 2014–15 are budgeted at \$528.1 million, compared to \$498.2 million in 2012–13 (i.e. an increase of \$29.9 million).

Comcare's administration expenses are budgeted to reduce in 2014–15 by \$5.0 million (i.e. from \$117.0 million to \$112.0 million) due to the conclusion of major strategic programmes undertaken in 2013–14. These programmes delivered specific liability management outcomes and general efficiency gains in Comcare's operations. In 2014–15 Comcare will continue to invest in efforts to improve liability management and administrative efficiency.

Claims expenses are budgeted to increase by \$34.9 million based on projections provided by independent actuarial assessment. Claims payments are estimated to increase by \$32.5 million and Comcare's claims liabilities are expected to increase by \$2.4 million.

## **Operating Result**

Comcare's operating result in 2014–15 is budgeted to increase significantly, mainly due to an expectation that claims liabilities will stabilise as the benefits of the strategic programmes in the last two financial years start to flow through. The budgeted surpluses in 2014–15 and forward years will contribute to restoring the premium scheme's financial health.

There has been no significant change in Comcare's 2013–14 estimated operating result since the last published estimate at 2013–14 Additional Estimates. However, it is important to note that the final operating result is highly dependent on movements in claims liabilities which will be determined by the independent actuaries as at 30 June 2014.

## **Claims Liability**

Comcare has three separate claims liabilities:

- Premium workers' compensation claims – these relate to workers' compensation claims from premium paying agencies with a date of injury on or after 1 July 1989.
- Pre-premium workers' compensation claims – these relate to workers' compensation claims with a date of injury before 1 July 1989. It is expected that pre-premium claims liabilities will decrease over time as claims are settled.
- Asbestos-related common law liabilities – these relate to asbestos related claims where the Commonwealth has a liability.

In the 2014–15 Portfolio Budget Statements, all claims liability provisions are based on independent actuarial valuations on the basis of the central estimate plus the risk margin that would achieve a 75 per cent probability of sufficiency.

*Comcare Budget Statements 2014–15*

This represents a change from last year as 2013–14 Portfolio Budget Statement estimated claims liabilities on the basis of the central estimate (i.e. a 50 per cent probability of sufficiency). This change in accounting policy was introduced by Comcare in its 2012-13 financial results to align Comcare's financial reporting with industry practice and prudential management practices.

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

**Gross claims liabilities**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Workers' compensation liabilities					
Premium	2,757,100	2,875,285	2,997,551	3,130,665	3,275,305
Pre-Premium	393,000	358,774	327,788	300,321	275,465
Asbestos related - common law	1,004,080	1,002,960	995,540	985,320	972,860

### 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	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EXPENSES</b>					
Employee benefits	76,170	73,225	72,690	72,311	73,404
Suppliers	33,229	31,856	31,816	32,422	33,066
Depreciation and amortisation	7,606	6,940	7,607	7,607	7,607
Claims Payments	301,375	333,888	353,973	371,115	387,839
Claims - Movement in liabilities	79,825	82,231	84,900	96,380	108,331
<b>Total expenses</b>	<b>498,205</b>	<b>528,140</b>	<b>550,986</b>	<b>579,835</b>	<b>610,247</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2,388	2,085	2,123	2,162	2,205
Licence fees	14,757	14,793	13,965	14,168	14,385
Regulatory contributions	20,100	20,012	22,135	22,451	22,795
Interest	18,964	25,589	31,012	37,108	43,476
Grants received from portfolio department	56,827	65,859	68,313	68,035	67,428
Workers' compensation premium	407,271	487,100	490,400	511,400	532,500
Other non-tax revenue	13,708	1,916	215	2,038	3,675
<b>Total own-source revenue</b>	<b>534,015</b>	<b>617,354</b>	<b>628,163</b>	<b>657,362</b>	<b>686,464</b>
<b>Net cost of (contribution by) services</b>	<b>(35,810)</b>	<b>(89,214)</b>	<b>(77,177)</b>	<b>(77,527)</b>	<b>(76,217)</b>
Revenue from Government	7,724	7,563	7,507	6,052	6,111
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>43,534</b>	<b>96,777</b>	<b>84,684</b>	<b>83,579</b>	<b>82,328</b>

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
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	397,644	572,430	740,148	915,665	1,100,266
Trade and other receivables	2,864,775	2,865,495	2,862,795	2,863,880	2,866,548
Other financial assets	5,742	5,742	5,742	5,742	5,742
<b>Total financial assets</b>	<b>3,268,161</b>	<b>3,443,667</b>	<b>3,608,685</b>	<b>3,785,287</b>	<b>3,972,556</b>
<b>Non-financial assets</b>					
Property, plant and equipment	28,292	32,420	37,205	39,640	42,075
Intangibles	4,763	4,445	2,803	4,261	5,719
Other non-financial assets	1,319	1,319	1,319	1,319	1,319
<b>Total non-financial assets</b>	<b>34,374</b>	<b>38,184</b>	<b>41,327</b>	<b>45,220</b>	<b>49,113</b>
<b>Total assets</b>	<b>3,302,535</b>	<b>3,481,851</b>	<b>3,650,012</b>	<b>3,830,507</b>	<b>4,021,669</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	8,954	8,954	8,954	8,954	8,954
Other payables	5,708	5,708	5,708	5,708	5,708
<b>Total payables</b>	<b>14,662</b>	<b>14,662</b>	<b>14,662</b>	<b>14,662</b>	<b>14,662</b>
<b>Provisions</b>					
Employee provisions	16,910	16,611	16,227	17,716	19,226
Other provisions	4,156,053	4,238,891	4,322,752	4,418,179	4,525,503
<b>Total provisions</b>	<b>4,172,963</b>	<b>4,255,502</b>	<b>4,338,979</b>	<b>4,435,895</b>	<b>4,544,729</b>
<b>Total liabilities</b>	<b>4,187,625</b>	<b>4,270,164</b>	<b>4,353,641</b>	<b>4,450,557</b>	<b>4,559,391</b>
<b>Net assets</b>	<b>(885,090)</b>	<b>(788,313)</b>	<b>(703,629)</b>	<b>(620,050)</b>	<b>(537,722)</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Reserves	219	219	219	219	219
Retained surplus (accumulated deficit)	(893,026)	(796,249)	(711,565)	(627,986)	(545,658)
<b>Total parent entity interest</b>	<b>(885,090)</b>	<b>(788,313)</b>	<b>(703,629)</b>	<b>(620,050)</b>	<b>(537,722)</b>
<b>Total Equity</b>	<b>(885,090)</b>	<b>(788,313)</b>	<b>(703,629)</b>	<b>(620,050)</b>	<b>(537,722)</b>

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental Statement of Changes in Equity – summary of movement (Budget Year 2014–15)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	(893,026)	219	-	7,717	(885,090)
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>(893,026)</b>	<b>219</b>	<b>-</b>	<b>7,717</b>	<b>(885,090)</b>
<b>Comprehensive income</b>					
Surplus (deficit) for the period	96,777	-	-	-	96,777
<b>Total comprehensive income</b>	<b>96,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,777</b>
<b>Estimated closing balance as at 30 June 2015</b>	<b>(796,249)</b>	<b>219</b>	<b>-</b>	<b>7,717</b>	<b>(788,313)</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(796,249)</b>	<b>219</b>	<b>-</b>	<b>7,717</b>	<b>(788,313)</b>

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	Forward estimate	Forward estimate	Forward estimate
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	7,724	7,563	7,507	6,052	6,111
Sale of goods and rendering of services	37,246	36,890	38,223	38,780	39,386
Interest	18,964	25,589	31,011	37,108	43,476
Grants received from portfolio department	56,827	65,859	68,313	68,035	67,428
Other	451,322	538,997	542,624	565,786	589,060
<b>Total cash received</b>	<b>572,083</b>	<b>674,898</b>	<b>687,678</b>	<b>715,761</b>	<b>745,461</b>
<b>Cash used</b>					
Employees	75,598	71,717	71,197	70,824	71,899
Suppliers	33,232	31,859	31,818	32,420	33,065
Net GST paid	44,051	51,897	52,224	54,386	56,560
Other	301,375	333,888	353,973	371,115	387,839
<b>Total cash used</b>	<b>454,256</b>	<b>489,361</b>	<b>509,212</b>	<b>528,745</b>	<b>549,363</b>
<b>Net cash from (used by) operating activities</b>	<b>117,827</b>	<b>185,537</b>	<b>178,466</b>	<b>187,016</b>	<b>196,098</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	10,011	10,750	10,750	11,500	11,500
<b>Total cash used</b>	<b>10,011</b>	<b>10,750</b>	<b>10,750</b>	<b>11,500</b>	<b>11,500</b>
<b>Net cash from (used by) investing activities</b>	<b>(10,011)</b>	<b>(10,750)</b>	<b>(10,750)</b>	<b>(11,500)</b>	<b>(11,500)</b>
<b>Net increase (decrease) in cash held</b>	<b>107,816</b>	<b>174,787</b>	<b>167,716</b>	<b>175,516</b>	<b>184,598</b>
Cash and cash equivalents at the beginning of the reporting period	289,830	397,646	572,433	740,149	915,665
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>397,646</b>	<b>572,433</b>	<b>740,149</b>	<b>915,665</b>	<b>1,100,263</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5 Departmental Capital Budget Statement**

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	10,011	10,750	10,750	11,500	11,500
<b>TOTAL</b>	<b>10,011</b>	<b>10,750</b>	<b>10,750</b>	<b>11,500</b>	<b>11,500</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	10,011	10,750	10,750	11,500	11,500
<b>Total cash used to acquire assets</b>	<b>10,011</b>	<b>10,750</b>	<b>10,750</b>	<b>11,500</b>	<b>11,500</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of Asset Movements (2014–15)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2014</b>			
Gross book value	41,973	16,302	58,275
Accumulated depreciation/amortisation and impairment	(13,681)	(11,539)	(25,220)
<b>Opening net book balance</b>	<b>28,292</b>	<b>4,763</b>	<b>33,055</b>
<b>CAPITAL ASSET ADDITIONS</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase or internally developed	10,750	-	10,750
<b>Total additions</b>	<b>10,750</b>	<b>-</b>	<b>10,750</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(6,622)	(318)	(6,940)
<b>Total other movements</b>	<b>(6,622)</b>	<b>(318)</b>	<b>(6,940)</b>
<b>As at 30 June 2015</b>			
Gross book value	52,723	16,302	69,025
Accumulated depreciation/amortisation and impairment	(20,303)	(11,857)	(32,160)
<b>Closing net book balance</b>	<b>32,420</b>	<b>4,445</b>	<b>36,865</b>

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	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	132	132	132	132	132
<b>Total expenses administered on behalf of Government</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Taxation revenue					
Other revenue	132	132	132	132	132
<b>Total own-sourced income administered on behalf of Government</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
<b>Net Cost of (contribution by) services</b>	-	-	-	-	-
<b>Surplus (Deficit)</b>	-	-	-	-	-
<b>Total comprehensive income (loss)</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	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	-	-
Taxation receivables	9	9	9	9	9
Trade and other receivables	1,322	1,322	1,322	1,322	1,322
<b>Total financial assets</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>
<b>Total assets administered on behalf of Government</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Prepayments	-	-	-	-	-
Other payables	111	111	111	111	111
<b>Total payables</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>
<b>Total liabilities administered on behalf of Government</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>	<b>111</b>
<b>Net assets/(liabilities)</b>	<b>1,220</b>	<b>1,220</b>	<b>1,220</b>	<b>1,220</b>	<b>1,220</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	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	132	132	132	132	132
<b>Total cash received</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
<b>Cash used</b>					
Other	132	132	132	132	132
<b>Total cash used</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
<b>Net cash from (used by) operating activities</b>	-	-	-	-	-
<b>Net increase (decrease) in cash held</b>	-	-	-	-	-
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Special Accounts	132	132	132	132	132
	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
Cash to Official Public Account for:					
- Special Accounts	132	132	132	132	132
	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>132</b>
<b>Cash and cash equivalents at end of reporting period</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

### 3.2.10 Schedule of Administered Capital Budget

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

### 3.2.11 Schedule of Asset Movements—Administered

Comcare has no administered non-financial assets. 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.

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.

Administered assets, liabilities, revenues and expenses relate to the Seafarers Safety, Rehabilitation and Compensation Authority (Seafarers Authority) which collects levies under the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*. The Seafarers Authority is controlled by the Government and managed by Comcare.

### **Comprehensive Income Statement**

#### **Revenue from government**

Comcare receives an annual appropriation for the management of asbestos related claims, the administration of the Seacare Authority and some of Comcare's regulatory activities.

#### **Own source revenue**

Comcare receives the following own-source revenue:

- workers' compensation premiums
- grants received from portfolio department
- other non-tax revenue
- licence fees
- regulatory contributions
- interest
- sale of goods and rendering of services.

### **Workers' compensation premiums**

The premium scheme covers employees of Commonwealth Government agencies and the ACT Government covered by the SRC Act for injuries and illnesses sustained on or after 1 July 1989. Premiums are determined to fully fund the expected scheme liabilities as advised by independent actuaries.

Premiums do not cover 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.

### **Grants received from portfolio department**

'Grants received from portfolio department' represent cash appropriation for the payment of pre-premium claims and administration costs, and asbestos claims costs.

### **Other non-tax revenue**

'Other non-tax revenue' is a non-cash appropriation representing:

- the notional interest on retained premium funds held with the Australian Government; and
- the movement in claims liabilities payable in future years based on independent actuarial assessment.

### **Administration expenses**

Comcare administration expenses include:

- employee expenses – includes salaries, superannuation and the net increase in employee entitlements;
- suppliers – includes goods and services procured from suppliers;
- depreciation and amortisation – property, plant and equipment and intangible assets are depreciated over their useful lives. Leasehold improvements are amortised over the lesser of the estimated useful life of the improvement or the unexpired period of the lease. In all cases, assets are depreciated using the straight line method.

### **Claims expenses**

Comcare recognises two types of claims expenses:

1. Claims payments – includes workers' compensation claims payments (premium and pre-premium) and common law settlements for asbestos-related compensation cases.
2. Movement in liabilities – net movements in outstanding workers' compensation claims liabilities are recognised as expenses.

## **Departmental Balance Sheet**

### **Cash and cash equivalents**

Cash and cash equivalents include deposits at call and term deposits with a bank or financial institution.

### **Trade and other receivables**

Other receivables are the combined value of:

- pre-premium and asbestos special appropriation receivable
- premiums collected by Comcare prior to 1 July 2002 held by the Australian Government plus earned notional interest, in accordance with Section 90C of the SRC Act.

### **Employee provisions**

The provision for employee entitlements encompasses unpaid annual and long service leave. No provision is made for sick leave.

### **Other provisions**

Provision is made for:

- outstanding workers' compensation claims liabilities
- 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.

The estimates of outstanding liabilities have been based on independent actuarial valuations on the basis of the central estimate plus the risk margin that would achieve a 75 per cent probability of sufficiency.





