

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

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

## Section 1: Agency overview and resources

### **1.1 STRATEGIC DIRECTION**

Comcare is the statutory authority responsible for administering the Commonwealth's occupational health and safety framework, its statutory framework for rehabilitation and workers' compensation and its common law liabilities for asbestos compensation.

Comcare's vision is 'Australia's Safest Workplaces'. To achieve this vision, Comcare works in partnership with employers and employees to reduce the incidence and cost of workplace injuries and disease. To assure employers, employees, the Government and the public that the Comcare scheme has Australia's safest workplaces, Comcare uses three key measures:

- safe and healthy workplaces
- early and safe return to work
- cost effective and fair compensation.

In addition to its regulatory and claims service functions, Comcare also provides assistance to the Safety, Rehabilitation and Compensation Commission (SRCC) and administrative support to the Seafarers Safety, Rehabilitation and Compensation Authority.

#### **Comcare and the 2008-09 Budget**

While there are no major new budgetary measures for Comcare in the 2008-09 financial year, there are a number of ongoing measures and other factors that will impact on the agency in 2008-09.

Three of the more significant factors that may impact on the agency are the recent substantial growth of the Comcare scheme's jurisdiction, the current review of the Comcare scheme and the Government's commitment to national harmonisation of occupational health and safety.

## *Comcare Budget Statements – Overview & resources*

### *a) Growth of the Comcare scheme*

Comcare's regulatory responsibilities for occupational health and safety have grown by over a third since March 2007, with some 200 employers and 400,000 employees now in its jurisdiction. Similarly, the number of employees under the Comcare rehabilitation and compensation scheme has grown by 20 per cent to 365,000.

Comcare has been able to meet the needs of the growing jurisdiction through a regulatory assurance model that encourages cooperative compliance, the control of new entrants and flexible resourcing models. Comcare has recently undertaken a business architecture review to test the ongoing viability of this model and to ensure best alignment to the organisation's broader strategic priorities.

In 2008-09 Comcare will continue to focus on the refinement of its regulatory model, with key projects including increased proactive compliance planning and improved employer profiling and risk assessment capability. These key projects contribute directly to Comcare's outcome of safe and healthy workplaces and cost effective and fair compensation. Comcare will continue to work in partnership with employers and employees to achieve better health and safety outcomes and early and safe return to work.

### *b) Review of the Comcare scheme*

In December 2007, the Hon Julia Gillard MP announced, as Minister for Employment and Workplace Relations, a moratorium on applications for self-insurance under the Comcare scheme and a review of the Comcare scheme. A report on the findings of the review is due to the Minister in July 2008.

At this stage it is unknown whether the reports' findings will result in any changes to the scheme. It is possible that such changes could be introduced in the 2008-09 financial year. Until such outcomes are known, Comcare is operating its business as usual in accordance with existing legislation, continually working to be a more effective regulator and claims manager.

### *c) National Occupational Health and Safety harmonisation*

In addition to the review of the Comcare scheme, the Government is committed to a harmonisation of occupational health and safety schemes in Australia. Comcare is committed to working with the Government and other jurisdictions in achieving harmonisation, throughout 2008-09 and beyond.

## **1.2 AGENCY RESOURCE STATEMENT**

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

Comcare Budget Statements – Overview & resources

**Table 1.1: Comcare resource statement – Budget estimates for 2008-09 as at Budget May 2008**

Source	Estimate of prior year amounts available in 2008-09 \$'000	Proposed at Budget 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Available Appropriation 2007-08 \$'000
Opening Balance/Reserves at Bank	4,525		4,525	
<b>REVENUE FROM GOVERNMENT</b>				
<b>Ordinary Annual Services<sup>1</sup></b>				
Outcome - Safe and healthy workplaces and cost effective and fair compensation		5,772	5,772	5,761
<b>Total ordinary annual services</b>		<b>5,772</b>	<b>5,772</b>	<b>5,761</b>
<b>Total Annual Appropriations</b>		<b>5,772</b>	<b>5,772</b>	<b>5,761</b>
<b>Special Appropriations</b>				
SRC Act 1988 - s90D <sup>2</sup>		54,467	54,467	55,050
Asbestos-related Claims Act - s.8(2)		27,456	27,456	23,913
<b>Total Special Appropriations</b>		<b>81,923</b>	<b>81,923</b>	<b>78,963</b>
<b>Total Funds from Government</b>		<b>87,695</b>	<b>87,695</b>	<b>84,724</b>
<b>FUNDS FROM INDUSTRY SOURCES</b>				
Licence Fees		9,829	9,829	6,675
<b>Total</b>		<b>9,829</b>	<b>9,829</b>	<b>6,675</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Workers' compensation premiums		232,140	232,140	220,800
Interest		21,000	21,000	18,000
Sale of goods and services		18,216	18,216	12,671
<b>Total</b>		<b>271,356</b>	<b>271,356</b>	<b>251,471</b>
<b>Total net resourcing for Agency</b>	<b>4,525</b>	<b>368,880</b>	<b>373,405</b>	<b>342,870</b>

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

<sup>1</sup> Appropriation Bill (No.1) 2008-09

<sup>2</sup> Safety, Rehabilitation & Compensation Act 1988

Non-cash movements in the outstanding claims liability, which are funded by special appropriations, are not included in the above figures. For further details refer to Section 3.2.4. The movements are:

	2007-08 (\$m)	2008-09 (\$m)
Output 3 Management of premium claims	59.7	58.4
Output 4 Management of pre-premium claims	(42.9)	(23.0)
Output 6 Management of common law asbestos claims	19.0	17.0
<b>Total</b>	<b>35.8</b>	<b>52.4</b>

### 1.3 BUDGET MEASURES

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

The Safety, Rehabilitation and Compensation Act 1988 will be amended to increase the amount of death benefits payable under the Australian Government's Workers' Compensation Scheme. The title of this measure is 'Workers' Compensation – increasing death benefits' and it is related to Output 3.

One-off lump sum death benefits will increase to \$0.4 million and periodic payments for dependant children will increase to \$110.00 per week. Both payments will be indexed by the wage price index issued by the Australian Bureau of Statistics.

The increase to death benefits will be met from the Comcare premium pool and will have no impact on the Budget.

**Table 1.2: Agency 2008-09 Budget measures**

	Output	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Revenue measures</b>					
Workers' compensation - increasing death benefits	3				
Departmental revenues		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Total revenue measures</b>					
Departmental		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Expense measures</b>					
Workers' compensation - increasing death benefits	3				
Departmental outputs		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Total expense measures</b>					
Departmental		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Capital measures</b>					
Workers' compensation - increasing death benefits	3				
Departmental capital		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Total capital measures</b>					
Departmental		-	-	-	-
<b>Total</b>		-	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

## Section 2: Outcomes and planned performance

### **2.1 OUTCOMES AND PERFORMANCE INFORMATION**

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Comcare has one outcome which is described below by outputs, specifying the performance indicators and targets used to assess and monitor the performance of Comcare in achieving government outcomes.

#### **2.1.1 Outcome 1: Safe and healthy workplaces, and cost effective and fair compensation**

##### **Outcome Strategy**

Comcare will achieve the outcome by:

- working in partnership with employers and employees to create safe and healthy workplaces and assist injured employees
- developing tailored solutions to improve safety, rehabilitation and compensation outcomes
- regulating effectively and co-operatively
- making decisions that are transparent, accountable, consistent and proportionate.

Comcare will do this by providing employers with information, education and practical workplace advice to assist them meet their duty of care, developing and implementing policy, providing quick and accurate decisions on claims, and undertaking assurance and enforcement action.

**Outcome resource statement**

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for the Outcome.

**Table 2.1: Total resources for the Outcome**

	<b>2008-09</b>	2007-08
	<b>Total</b>	Estimated
	<b>estimate of</b>	actual
	<b>available</b>	
	<b>resources</b>	
	<b>\$'000</b>	\$'000
<b>Outcome 1: Safe and healthy workplaces, and cost effective and fair compensation</b>		
<b>Output 1: SRC Act<sup>1</sup> regulation</b>		
Agency Outputs		
Revenues from other sources	7,270	5,648
<b>Subtotal for Output 1</b>	<b>7,270</b>	<b>5,648</b>
<b>Output 2: OHS Act<sup>2</sup> regulation</b>		
Agency Outputs		
Annual Appropriation	294	299
Revenues from other sources	20,590	14,138
<b>Subtotal for Output 2</b>	<b>20,884</b>	<b>14,437</b>
<b>Output 3: Management of premium claims</b>		
Agency Outputs		
Revenues from other sources	253,113	238,361
<b>Subtotal for Output 3</b>	<b>253,113</b>	<b>238,361</b>
<b>Output 4: Management of pre-premium claims</b>		
Special Appropriations:		
<i>Safety, Rehabilitation &amp; Compensation Act - s90D</i>	54,467	55,050
Agency Outputs		
Revenues from other sources	30	-
<b>Subtotal for Output 4</b>	<b>54,497</b>	<b>55,050</b>
<b>Output 5: Regulation of the Seacare scheme</b>		
Agency Outputs		
Annual Appropriation	438	440
Revenues from other sources	70	-
<b>Subtotal for Output 5</b>	<b>508</b>	<b>440</b>
<b>Output 6: Management of common law asbestos claims</b>		
Special Appropriations:		
<i>Asbestos-related Claims Act 2005 - s8(2)</i>	27,456	23,913
Agency Outputs		
Annual Appropriation	5,040	5,022
Revenues from other sources	112	-
<b>Subtotal for Output 6</b>	<b>32,608</b>	<b>28,935</b>
<b>Total resources for the Outcome</b>	<b>368,880</b>	<b>342,871</b>
<sup>1</sup> <i>Safety, Rehabilitation &amp; Compensation Act 1988</i>		
<sup>2</sup> <i>Occupational, Health &amp; Safety Act 1991</i>		
<b>Average staffing level (number)</b>	<b>509</b>	<b>464</b>



**Contributions to the Outcome**

<b>Output 1: SRC Act Regulation</b>	
<p>This output contributes to the Outcome by improved rehabilitation and workers' compensation frameworks, and the integrity and accountability of the Commonwealth scheme. The focus of the output in 2008-09 will be:</p> <ul style="list-style-type: none"> <li>• actioning outcomes from the Minister's review of the Comcare scheme as it relates to rehabilitation, workers' compensation and licensing;</li> <li>• provision of high quality and timely policy advice on rehabilitation and workers' compensation to the Minister and the Safety, Rehabilitation and Compensation Commission (SRCC);</li> <li>• regulation of determining authorities under the SRC Act; and</li> <li>• monitoring and reporting on the performance of the SRC Act scheme.</li> </ul>	
Key Performance Indicators	2008-09 Target
Scheme performance in the areas of claims and injury management and rehabilitation function and the performance of licensees in meeting the conditions of licence, meets the SRCC targets.	Scheme performance meets the SRCC's targets.
Licensees are complying with conditions of licence.	100 per cent compliance.

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<b>Output 2: OHS Act Regulation</b>	
<p>This output contributes to the Outcome by maintaining and improving the health and safety frameworks and outcomes for the Commonwealth scheme while achieving accountability and integrity of the scheme. The focus of the output in 2008-09 will be:</p> <ul style="list-style-type: none"> <li>• actioning outcomes from the Minister's review of the Comcare scheme as it relates to OH&amp;S;</li> <li>• cooperating at the national level to achieve harmonisation of OHS laws;</li> <li>• developing and implementing changes to OHS regulations and guidance to meet identified needs and national consistency;</li> <li>• accrediting both new and existing Health and Safety Representative courses;</li> <li>• reduced incidents/accidents and severity of risks;</li> <li>• eliminate hazards at the design stage;</li> <li>• assisting employers and employees develop their capacity to effectively manage OHS and prevent occupational disease; and</li> <li>• ensuring compliance with the OH&amp;S Act.</li> </ul>	
Key Performance Indicators	2008-09 Target
Scheme performance in the incidence of workplace fatalities and injuries meets the SRCC targets.	Scheme performance meets the SRCC's targets.

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<b>Output 3: Management of premium claims</b>	
<p>This output contributes to the Outcome by determining and managing claims and paying workers' compensation benefits to Australian and ACT Government employees in accordance with the SRC Act for claims with a date of injury after 1 July 1989. Comcare also provides advice to Australian and ACT Government employers and injured employees to assist them to achieve an early and safe return to work.</p> <p>The focus of activities for 2008-09 will be:</p> <ul style="list-style-type: none"> <li>• providing effective claims management services having regard to the need for accurate and quick decision making;</li> <li>• providing advice to employers to assist them in preventing injuries at work and to achieve the early and safe return to work of their injured employees;</li> <li>• ensuring that premium paying employers and their employees have the information and assistance they need to understand the processes involved in lodging and determining claims; and</li> <li>• ensuring the accurate and sound calculation of premiums so the scheme remains fully funded and appropriately reflects premium paying employers' performance.</li> </ul>	
Key Performance Indicators	2008-09 Target
Financial viability of the premium scheme.	<p>Total assets (including notional surplus) exceeds total liabilities.</p> <p>Premiums reflect sound actuarial assessment of costs of claims.</p>
Scheme performance in the areas of claims management and rehabilitation meets the SRCC targets.	Scheme performance meets the SRCC's targets.

*Comcare Budget Statements – Outcomes & performance*

<b>Output 4: Management of pre-premium claims</b>	
This output contributes to the Outcome by providing workers' compensation services to Australian and ACT Government employers and employees under the SRC Act for claims with a date of injury before 1 July 1989.	
Key Performance Indicators	2008-09 Target
Effective management of pre-premium liabilities.	Outstanding pre-premium claims liabilities valuation reflects sound actuarial assessment of costs of claims.
Effective management of the pre-premium claims.	Runoff of liabilities predicted by the actuary is achieved.
Effective review and approval of all claims payment requests prior to payment.	Review process in place by 30 June 2009.
Timely processing of all incapacity payment requests.	Nil delays for claims with no outstanding issues.
Regular review of ongoing claims to ensure appropriate payment of entitlements to claimants.	Claims review process implemented.

<b>Output 5: Provide support to the Seafarers Safety Rehabilitation and Compensation Commission.</b>	
<p>This output contributes to the Outcome by providing support to the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority) work to minimise the human and financial costs of workplace injury in the Australian maritime industry. The focus of activities for 2008-09 will be:</p> <ul style="list-style-type: none"> <li>• working with the industry to secure the health, safety and welfare at work of maritime industry employees by providing an OHS regulatory framework adapted to the needs of the maritime environment;</li> <li>• assuring that employers provide safe and healthy workplaces and effective injury management systems;</li> <li>• promoting a fair, efficient and effective scheme of rehabilitation, return to work and compensation for maritime industry employees including managing efficiently the Seafarers Safety Net Fund;</li> <li>• fostering a cooperative, consultative and effective relationship between employers and employees on health and safety at work and management of injured employees; and</li> <li>• determination and payment of claims in a timely manner.</li> </ul>	
Key Performance Indicators	2008-09 Target
Reduced incidence of workplace injury.	4 per cent reduction.
Incidence of work related fatalities.	Nil.
Seacare scheme performance meets Seacare Authority requirements.	Satisfactory or above.

*Comcare Budget Statements – Outcomes & performance*

<b>Output 6: Management of common law asbestos claims</b>	
<p>This output contributes to the Outcome through the management of common law asbestos claims made against the Commonwealth. Management of these claims will be in accordance with the <i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i> (the Act). The focus of activities for 2008-09 will be:</p> <ul style="list-style-type: none"> <li>• manage common law asbestos-related claims and pay compensation in accordance with the Act and Comcare’s policy statement; and</li> <li>• managing liabilities and responding to claims.</li> </ul>	
Key Performance Indicators	2008-09 Target
Level of satisfaction of the Minister with Comcare’s administration of legislation.	Timeliness of processing of claims.
Manage claims in accordance with Legal Services Directions and Comcare’s policy statement.	100 per cent compliance.
Manage claims in a timely manner.	Respond to new claims within 24 hours (on a business day).

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of special accounts and government Indigenous expenditure.

### **3.1 EXPLANATORY TABLES**

#### **3.1.1 Reconciliation of total available appropriation and outcomes**

Comcare does not receive appropriations. For this reason Table 3.1.1 is not presented.

#### **3.1.2 Movement of administered funds between years**

Comcare has no movement of funds to report. For this reason Table 3.1.2 is not presented.

### 3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for the special account for which the Seafarers Safety, Rehabilitation and Compensation Authority is responsible.

**Table 3.1.3: Estimates of Special Account cash flows and balances**

		Opening balance <b>2008-09</b> 2007-08	Receipts <b>2008-09</b> 2007-08	Payments <b>2008-09</b> 2007-08	Adjustments <b>2008-09</b> 2007-08	Closing balance <b>2008-09</b> 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Seafarers Rehabilitation and Compensation (A)	1	<b>1,209</b>	<b>137</b>	<b>120</b>	-	<b>1,226</b>
Account s20 FMA Act <sup>1</sup>		1,008	291	90	-	1,209
<b>Total special accounts</b>						
<b>2008-09 Budget estimate</b>		<b>1,209</b>	<b>137</b>	<b>120</b>	-	<b>1,226</b>
Total special accounts 2007-08 estimate actual		1,008	291	90	-	1,209

1. Determination 2002/06

(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).

### 3.1.4 Australian Government Indigenous Expenditure

Comcare has no 2008-09 Australian Government Indigenous Expenditure to report. For this reason Table 3.1.4 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 regards to the 'estimate of prior amounts available in 2008-09'. The reason for this largely relates to Comcare's workers' compensation business and its long term nature.

Significant resources shown in Table 3.2.2: Budgeted departmental balance sheet (cash and 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 would lead to a distortion of Comcare's overall resource position.

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

#### **Revenue**

Comcare's total revenue is estimated to increase from \$379.3 million in 2007-08 to \$421.4 million in 2008-09. Revenue from government accounts for half this increase largely as a result of the expected rise in outstanding workers' compensation premium liabilities based on the December 2007 actuarial assessment. While all premium liabilities will be funded by premiums collected by Comcare, in accounting terms, increases in these liabilities are required to be offset by an increase in revenue from government.

Comcare's actuary has forecast that the premium rate required to fund the lifetime cost of injuries expected to be incurred in 2008-09 would be slightly higher than the rate for 2007-08. Premium rates will be determined by Comcare in June 2008 following consideration of the actuary's final premium pool report based on the most recently available data.

*Comcare Budget Statements – Budgeted financial statements*

A breakdown of revenue from independent sources for 2007-08 and 2008-09 is as follows:

	2007-08	2008-09
	Estimated actual	Budget estimate
	\$'000	\$'000
Premiums	221,400	232,340
Regulatory contributions	11,500	15,778
Interest	18,000	21,000
Licence fees	6,675	9,829
Other	1,171	2,438
<b>Total</b>	<b>258,746</b>	<b>281,385</b>

**Expenses**

Total expenses are budgeted to increase from \$329.2 million in 2007-08 to \$370.6 million in 2008-09.

The main variances between 2007-08 and 2008-09 are as follows:

- increased costs associated with workers' compensation claims due to a small increase in net premium claim payments and the decline in outstanding pre-premium claim liabilities occurring at a slower than previously forecast rate.
- additional administrative expenses largely to support the expansion of regulatory activities for all entities under the *Occupational Health and Safety Act 1991* and self insurers under the *Safety, Rehabilitation and Compensation Act 1988*. These expenses will be funded from increased interest revenue, regulatory contributions, licence fees and other revenue.

**Claims Liabilities**

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

- those with a date of injury before 1 July 1989 – referred to as pre-premium claims
- those with a date of injury on and from 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 increase as the scheme continues to mature.

The other major component of other provisions in the Balance Sheet is an actuarial assessment for asbestos related common law liabilities. Estimates have been provided for 30 June 2008 and at 30 June for each forward year.

*Comcare Budget Statements – Budgeted financial statements*

The claims liabilities figures for both workers' compensation and asbestos related common law claims include a prudential margin in accordance with a change in accounting policy under accounting standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The claims liabilities figures disclosed in the 2007-08 Portfolio Budget Statements were central estimates and did not include a prudential margin. The impact of adding a prudential margin is to increase the reported total claims liabilities on a like for like basis.

Estimates for gross claims liabilities as at 30 June 2008 and each forward year are as follows:

	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Workers' compensation	1,623	1,661	1,702	1,745	1,787
Asbestos related common law	953	963	966	965	964

### 3.2.3 Budgeted financial statements tables

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

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	120,624	<b>140,088</b>	127,802	122,509	122,407
Goods and services	19,346	<b>28,045</b>	28,450	28,863	28,863
Interest	18,000	<b>21,000</b>	24,000	27,000	30,000
Other	221,400	<b>232,340</b>	242,194	252,691	253,429
<b>Total revenue</b>	<b>379,370</b>	<b>421,473</b>	<b>422,446</b>	<b>431,063</b>	<b>434,699</b>
<b>Total income</b>	<b>379,370</b>	<b>421,473</b>	<b>422,446</b>	<b>431,063</b>	<b>434,699</b>
<b>EXPENSE</b>					
Employees	36,059	<b>45,018</b>	45,761	46,548	46,622
Suppliers	22,564	<b>26,620</b>	27,013	27,431	27,468
Depreciation and amortisation	2,265	<b>2,096</b>	2,112	1,911	1,911
Other	268,305	<b>296,848</b>	293,520	297,026	310,037
<b>Total expenses</b>	<b>329,193</b>	<b>370,582</b>	<b>368,406</b>	<b>372,916</b>	<b>386,038</b>
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)	0	<b>0</b>	0	0	0
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>50,177</b>	<b>50,891</b>	<b>54,040</b>	<b>58,147</b>	<b>48,661</b>

Prepared on Australian Accounting Standards basis.

Comcare Budget Statements – Budgeted financial statements

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	187,360	<b>238,517</b>	292,095	350,182	398,583
Trade and other Receivables	2,555,937	<b>2,604,630</b>	2,648,042	2,689,464	2,730,500
Other	5,424	<b>5,424</b>	5,424	5,424	5,424
<b>Total financial assets</b>	<b>2,748,721</b>	<b>2,848,571</b>	<b>2,945,561</b>	<b>3,045,070</b>	<b>3,134,507</b>
<b>Non-financial assets</b>					
Land and buildings Infrastructure, plant and equipment	4,328	<b>4,225</b>	4,265	4,640	5,015
Intangibles	1,046	<b>883</b>	719	604	489
Other	300	<b>300</b>	300	300	300
<b>Total non-financial assets</b>	<b>5,674</b>	<b>5,408</b>	<b>5,284</b>	<b>5,544</b>	<b>5,804</b>
<b>Total assets</b>	<b>2,754,395</b>	<b>2,853,979</b>	<b>2,950,845</b>	<b>3,050,614</b>	<b>3,140,311</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	7,140	<b>7,140</b>	7,140	7,140	7,140
Other	2,576,616	<b>2,625,309</b>	2,668,136	2,709,758	2,750,794
<b>Total provisions</b>	<b>2,583,756</b>	<b>2,632,449</b>	<b>2,675,276</b>	<b>2,716,898</b>	<b>2,757,934</b>
<b>Payables</b>					
Suppliers	2,209	<b>2,209</b>	2,209	2,209	2,209
Other	2,888	<b>2,888</b>	2,888	2,888	2,888
<b>Total payables</b>	<b>5,097</b>	<b>5,097</b>	<b>5,097</b>	<b>5,097</b>	<b>5,097</b>
<b>Total liabilities</b>	<b>2,588,853</b>	<b>2,637,546</b>	<b>2,680,373</b>	<b>2,721,995</b>	<b>2,763,031</b>
<b>Net assets</b>	<b>165,542</b>	<b>216,433</b>	<b>270,472</b>	<b>328,619</b>	<b>377,280</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	605	<b>605</b>	605	605	605
Reserves	178	<b>178</b>	178	178	178
Retained surpluses	164,759	<b>215,650</b>	269,689	327,836	376,497
<b>Total parent entity interest</b>	<b>165,542</b>	<b>216,433</b>	<b>270,472</b>	<b>328,619</b>	<b>377,280</b>
<b>Total equity</b>	<b>165,542</b>	<b>216,433</b>	<b>270,472</b>	<b>328,619</b>	<b>377,280</b>
<b>Current assets</b>	277,601	<b>331,729</b>	378,721	433,842	483,376
<b>Non-current assets</b>	2,476,794	<b>2,522,250</b>	2,572,124	2,616,772	2,656,935
<b>Current liabilities</b>	263,491	<b>269,031</b>	271,149	277,302	281,619
<b>Non-current liabilities</b>	2,325,362	<b>2,368,515</b>	2,409,224	2,444,693	2,481,412

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

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	19,345	<b>28,046</b>	28,450	28,863	28,863
Appropriations	84,723	<b>87,695</b>	81,109	78,143	79,340
Interest	18,000	<b>21,000</b>	24,000	27,000	30,000
Other	244,810	<b>257,079</b>	268,240	252,891	280,121
<b>Total cash received</b>	<b>366,878</b>	<b>393,820</b>	<b>401,799</b>	<b>386,897</b>	<b>418,324</b>
<b>Cash used</b>					
Employees	36,058	<b>45,018</b>	45,762	46,548	46,622
Suppliers	22,564	<b>26,255</b>	26,644	27,063	27,100
Other	255,814	<b>269,561</b>	273,827	253,028	294,031
<b>Total cash used</b>	<b>314,436</b>	<b>340,834</b>	<b>346,233</b>	<b>326,639</b>	<b>367,753</b>
<b>Net cash from or (used by) operating activities</b>	<b>52,442</b>	<b>52,986</b>	<b>55,566</b>	<b>60,258</b>	<b>50,571</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	3,285	<b>1,829</b>	1,988	2,171	2,170
<b>Total cash used</b>	<b>3,285</b>	<b>1,829</b>	<b>1,988</b>	<b>2,171</b>	<b>2,170</b>
<b>Net cash from or (used by) investing activities</b>	<b>(3,285)</b>	<b>(1,829)</b>	<b>(1,988)</b>	<b>(2,171)</b>	<b>(2,170)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash from or (used by) financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase or (decrease) in cash held</b>	<b>49,157</b>	<b>51,157</b>	<b>53,578</b>	<b>58,087</b>	<b>48,401</b>
Cash at the beginning of the reporting period	138,203	<b>187,360</b>	238,517	292,095	350,182
<b>Cash at the end of the reporting period</b>	<b>187,360</b>	<b>238,517</b>	<b>292,095</b>	<b>350,182</b>	<b>398,583</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity – summary of movement (Budget year 2008-09)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2008</b>					
Balance carried forward from previous period	164,759	178	0	605	165,542
Adjustment for changes in accounting policies	0	0	0	0	0
<b>Adjusted opening balance</b>	<b>164,759</b>	<b>178</b>	<b>0</b>	<b>605</b>	<b>165,542</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity	0	0	0	0	0
<b>Sub-total income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Surplus (deficit) for the period	50,891				50,891
<b>Total income and expenses recognised directly in equity</b>	<b>50,891</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,891</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital	0	0	0	0	0
<i>Contribution by owners</i>					
Appropriation (equity injection)	0	0	0	0	0
Other:					
Restructuring	0	0	0	0	0
<b>Sub-total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers between equity Components	0	0	0	0	0
<b>Estimated closing balance as at 30 June 2009</b>	<b>215,650</b>	<b>178</b>	<b>0</b>	<b>605</b>	<b>216,433</b>

Prepared on Australian Accounting Standards basis.

The following administered tables refer to the Seacare Authority's operations.

**Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	0	0	0	0	0
<b>Total taxation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-taxation</b>					
Other sources of non-taxation revenues	280	125	125	125	125
<b>Total non-taxation</b>	<b>280</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
<b>Total revenues administered on behalf of Government</b>	<b>280</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
<b>Gains</b>					
Sale of assets	0	0	0	0	0
<b>Total gains administered on behalf of Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total income administered on behalf of Government</b>	<b>280</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Other	90	120	120	120	120
<b>Total expenses administered on behalf of Government</b>	<b>90</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>



**Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Receivables	1,198	1,203	1,208	1,213	1,218
<b>Total financial assets</b>	<b>1,198</b>	<b>1,203</b>	<b>1,208</b>	<b>1,213</b>	<b>1,218</b>
<b>Non-financial assets</b>					
<b>Total non-financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets administered on behalf of Government</b>	<b>1,198</b>	<b>1,203</b>	<b>1,208</b>	<b>1,213</b>	<b>1,218</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Other provisions	219	219	219	219	219
<b>Total provisions</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>
<b>Total liabilities administered on behalf of Government</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>	<b>219</b>

**Table 3.2.7: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	291	137	136	137	137
<b>Total cash received</b>	<b>291</b>	<b>137</b>	<b>136</b>	<b>137</b>	<b>137</b>
<b>Cash used</b>					
Other	101	132	131	132	132
<b>Total cash used</b>	<b>101</b>	<b>132</b>	<b>131</b>	<b>132</b>	<b>132</b>
<b>Net cash from or (used by) operating activities</b>	<b>190</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>INVESTING ACTIVITIES</b>					
<b>Net cash from or (used by) investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>					
<b>Net cash from or (used by) financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase or (decrease) in cash held</b>	<b>190</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Cash at beginning of reporting period	0	0	0	0	0
Cash from Official Public Account for:					
- appropriations	0	0	0	0	0
- special accounts	101	133	131	133	133
Cash to Official Public Account for:					
- appropriations	0	0	0	0	0
- special accounts	291	138	136	138	138
<b>Cash at end of reporting period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Prepared on Australian Accounting Standards basis.

### **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 in 2008-09 these are levies collected under the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*.

**Agency revenue from government**

Comcare's special appropriation revenue consists of two components – a cash component for the payment of claims during the 2008-09 financial year and a non cash component to fund the expected increase in claim liabilities which will be payable in future years. Only the cash component is included in the relevant Appropriation Bill. 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 special appropriation) from Government in the 2008-09 Budget is estimated at \$87.7 million (2007-08 \$84.7 million). The non cash component of the special appropriation is \$52.4 million (2007-08 \$35.8 million) reflecting an expected increase in claim liabilities during the year based on actuarial assessments.

**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 for 2008-09 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 down 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 premiums system and methodology developed by an independent actuary is used to calculate premiums to cover fully the liabilities expected to be incurred on all work related injuries and illnesses sustained by employees of Commonwealth Government agencies and the ACT Government covered by the *Safety, Rehabilitation and Compensation Act 1988, on or after 1 July 1989*.

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 *Safety, Rehabilitation and Compensation Act 1988* required that premiums collected for financial years prior to 1 July 2002 by Comcare be paid into the Consolidated Revenue Fund. The *Safety, Rehabilitation and Compensation Act 1988* 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. Estimates have been provided for 30 June 2008 and at 30 June for each forward year.

The estimate has been based on current rates and costs of settlement adjusted for inflation, imputed investment return and administration expenses and include the use of statistical information relating to the development of claims over a number of years. Outstanding claims liabilities are calculated in accordance with the Australian Accounting Standards Board standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

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The estimates of outstanding liabilities include a prudential margin which is above and beyond the central estimate of the liability. The central estimate refers to the fact that there is a 50/50 chance that when the forecast claim liabilities have been finally discharged they will prove to be either too high or too low.

**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.