



BUDGET★
PORTFOLIO BUDGET STATEMENTS 2010-11
BUDGET RELATED PAPER NO. 1.12

HUMAN SERVICES PORTFOLIO

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

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**The Hon Chris Bowen MP
Minister for Human Services
Minister for Financial Services, Superannuation and Corporate Law**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2010-11 Budget for the Human Services portfolio.

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

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

Yours sincerely

A handwritten signature in black ink that reads 'Chris Bowen'.

CHRIS BOWEN

Abbreviations and conventions

The following notation may be used:

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\$m	not for publication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

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

Enquiries

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

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the 2010-11 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2010-11 (or Appropriation Bill [Parliamentary Departments] No. 1 2010-11 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

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

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PORTFOLIO OVERVIEW

HUMAN SERVICES PORTFOLIO OVERVIEW

MINISTER AND PORTFOLIO RESPONSIBILITIES

The Department of Human Services was created on 26 October 2004, as part of the Finance portfolio, to improve the development and delivery of government social and health related services to the Australian people.

As a result of the Administrative Arrangements Orders (AAOs) issued on 30 January 2007, the Department of Human Services and its agencies were transferred to a newly created Human Services portfolio.

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

HUMAN SERVICES AGENCIES

AGENCIES WITHIN THE HUMAN SERVICES PORTFOLIO

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

General Government Sector Entities

- The **Department of Human Services** consists of the Central Department, the Child Support Program and CRS Australia. The Central Department's role is to direct, coordinate and broker improvements to service delivery, provide policy advice on service delivery matters to government and ensure efficient implementation of Government service delivery. The Child Support Program provides support to separated parents to provide the financial and emotional support necessary for their children's wellbeing. CRS Australia assists people with an injury or a disability to get a job or return to work by providing individualised vocational rehabilitation, and helping employers to keep their workplaces safe.

Portfolio Overview

- **Centrelink** delivers a range of government payments and services for retirees, the unemployed, families, carers, parents, people with disabilities, Indigenous people, and people from diverse cultural and linguistic backgrounds, and provides services at times of major change.
- **Medicare Australia** looks after the health of Australians through efficient services and payments such as Medicare, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register and the Australian Organ Donor Register.

Non-General Government Sector Entities (Public Non-Financial Corporations)

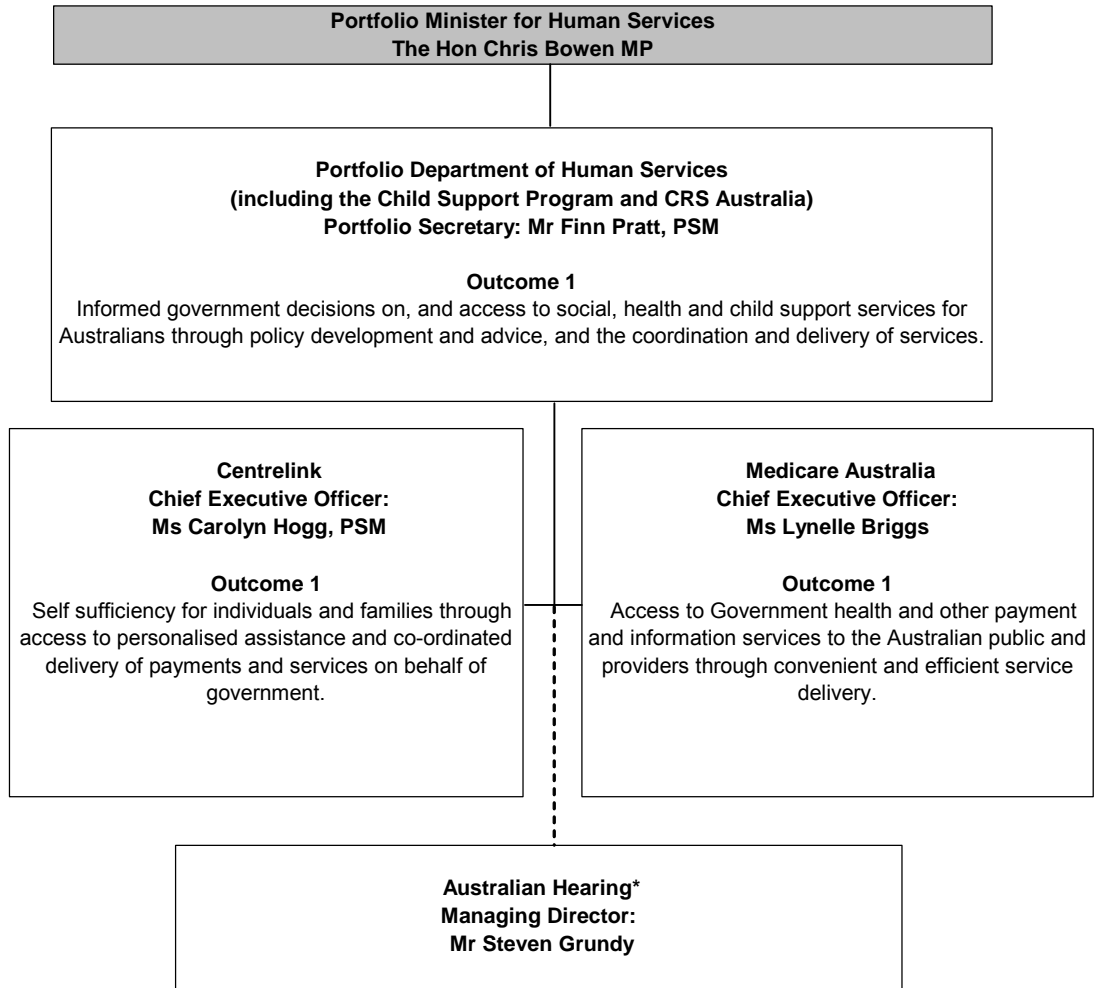
- **Australian Hearing** is one of the largest hearing service providers in the world and is dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21,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

As required under Section 12 of the *Charter of Budget Honesty Act 1998*, Non-General Government Sector entities are not consolidated into the Commonwealth General Government Sector fiscal estimates. These entities are not reported in the Portfolio Budget Statements or Portfolio Additional Estimates Statements.

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

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

Figure 1: Human Services portfolio structure and outcomes



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

Figure 1

PORTFOLIO RESOURCES

Table 1 shows the total new resources provided to the portfolio in the 2010-11 Budget year, by agency.

Table 1: Portfolio Resources 2010-11

	Appropriation			Receipts	Total
	Bill No. 1 \$m	Bill No. 2 \$m	Special \$m	\$m	\$m
Department of Human Services					
Administered appropriations	6	..	75	1,146	1,227
Departmental appropriations	543	-	-	203	746
Total:	549	..	75	1,349	1,973
Centrelink					
Administered appropriations	-	-	-	-	-
Departmental appropriations	2,621	55	-	89	2,766
Total:	2,621	55	-	89	2,766
Medicare Australia					
Administered appropriations	-	-	-	236	236
Departmental appropriations	656	16	-	67	739
Total:	656	16	-	303	975
Portfolio total					5,714
Less amounts transferred within portfolio					
Resources available within portfolio:					5,714

AGENCY RESOURCES AND PLANNED PERFORMANCE

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Department of Human Services

Agency resources and planned performance

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DEPARTMENT OF HUMAN SERVICES

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

Service delivery reform is the Government's strategy to give Australians better access to social, health and welfare services. The Human Services portfolio is transforming to enhance flexibility and effectiveness in delivering easy, high quality services that work for all Australians.

As part of the reform, the Government will continue to better coordinate, tailor and target its services to people, based on their needs and circumstances, through avenues most accessible and suited to them.

In anticipation of a formal merger with Medicare Australia and Centrelink in 2011, the Department provides a range of enabling services (such as information technology, finance, property management, procurement and human resources) to Medicare Australia and Centrelink. Each of these agencies also provides some enabling services to the Department.

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

The Department works together with the three agencies that form part of the Human Services portfolio, Centrelink, Medicare Australia and Australian Hearing. The Department is committed to working collaboratively across the Human Services portfolio to build partnerships for the delivery of quality outcomes for government and the Australian community. The Department of Human Services' key strategies are set out below:

- continuing to progress and implement the service delivery reform agenda;
- continuing to provide high quality services to the Australian community;

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

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Department of Human Services Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010

	Estimate of prior ⁺ year amounts available in 2010-11 \$'000	Proposed at Budget ⁼ 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	218,366		218,366	229,082
Departmental appropriation ³		543,146	543,146	557,508
s31 Relevant agency receipts ⁴		202,887	202,887	202,593
Total	218,366	746,033	964,399	989,183
Administered expenses				
Outcome 1		6,336	6,336	8,193
Total	-	6,336	6,336	8,193
Total ordinary annual services	A 218,366	752,369	970,735	997,376
Other services⁵				
Departmental non-operating				
Equity injections		-	-	-
Previous years' programs		-	-	7,779
Total	-	-	-	7,779
Administered non-operating				
Administered assets and liabilities		160	160	-
Total	-	160	160	-
Total other services	B -	160	160	7,779
Total available annual appropriations	218,366	752,529	970,895	1,005,155
Special appropriations				
Special appropriations limited by criteria/entitlement				
Child Support (Registration and Collection) Act 1988				
Section 77 - unremitted deductions	-	74,467	74,467	71,883
Section 78 - unexplained remittances	-	50	50	50
Total special appropriations	C -	74,517	74,517	71,933
Total appropriations excluding Special Accounts				

Table 1.1: Department of Human Services Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010 (continued)

	Estimate of prior ⁺ year amounts available in 2010-11 \$'000	Proposed at Budget ⁼ 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Special Accounts				
Opening balance ⁶	55,789		55,789	55,789
Appropriation receipts ⁷		76,007	76,007	73,371
Non-appropriation receipts to Special Accounts		1,146,426	1,146,426	1,107,094
Total Special Account D	55,789	1,222,433	1,278,222	1,236,254
Total resourcing				
A+B+C+D	274,155	2,049,479	2,323,634	2,313,342
Less appropriations drawn from annual or special appropriations above and credited to special accounts		76,007	76,007	73,371
Total net resourcing for Department of Human Resources	274,155	1,973,472	2,247,627	2,239,971

¹ Appropriation Bill (No.1) 2010-11.

² Estimated adjusted balance carried from previous year for annual appropriations.

³ Includes an amount of \$39.6m in 2010-11 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ s31 Relevant Agency receipts - estimate.

⁵ Appropriation Bill (No.2) 2010-11.

⁶ Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies (OTM) and Services for other Government and Non-agency Bodies (SOG) accounts). For further information on special accounts see Table 3.1.2.

⁷ Appropriation receipts from Department of Human Services annual and special appropriations for 2009-10 included above.

Reader note: All figures are GST exclusive.

Third party payments from and on behalf of other agencies

	2010-11 \$'000	2009-10 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental appropriation s31)		
- Department of Education, Employment and Workplace Relations	164,474	165,174
Payments made to other agencies for the provision of services		
- Centrelink	2,090	3,735
- Medicare	-	391

1.3 BUDGET MEASURES

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

Table 1.2: Agency 2010-11 Budget Measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures (if applicable)						
Information and Communication Technology Business-as-Usual Reinvestment Fund ¹	1.1					
Departmental expenses		-	2,176	-	-	-
Fraud prevention and compliance - improving compliance with child support obligations	1.1					
Departmental expenses		-	909	915	922	929
- new approaches to reduce fraud and support compliance	1.1					
Departmental expenses		-	2,000	2,000	-	-
Total expense measures						
Departmental		-	5,085	2,915	922	929
Total		-	5,085	2,915	922	929

Prepared on a Government Financial Statistics (fiscal) basis

¹The lead agency for *Information and communication Technology Business-as-Usual Reinvestment Fund* is the Department of Finance and Deregulation.

Note: The measures "A new scheme of income management in the Northern Territory" and "Child Support Income Estimates - transitional arrangements and long-term solution" will appear in the Budget Paper No.2 as they were decided after Mid - Year Economic and Fiscal Outlook. However, these measures were reported in the Human Services 2009-10 Portfolio Additional Estimates Statements and therefore do not appear in the 2010-11 Portfolio Budget Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

Outcome 1: Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services.

Outcome 1 Strategy

- The Department of Human Services drives the development and delivery of innovative and cost effective government programs for Australians, in partnership with portfolio agencies, departments and the community by;
 - continuing to progress and implement the service delivery reform agenda; and
 - continuing to provide high quality services to the Australian community.

Outcome Expense and Resource Statement

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

Table 2.1: Budgeted Expenses and Resources for Outcome 1

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

Outcome 1: Informed government decisions on, and access to, social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Human Services		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,966	4,846
Expenses not requiring appropriation in the Budget year	-	53
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	557,508	503,566
Revenues from independent sources (s31)	202,811	203,404
Expenses not requiring appropriation in the Budget year	(4,328)	22,085
Total for Program 1.1	759,957	733,954
Program 1.2: Child Support		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	1,438	1,490
Special appropriations	71,933	74,517
Special Accounts	1,055,260	1,092,859
Expenses not requiring appropriation in the Budget year	96,506	103,054
Total for Program 1.2	1,225,137	1,271,920
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,404	6,336
Special appropriations	71,933	74,517
Special Accounts	1,055,260	1,092,859
Expenses not requiring appropriation in the Budget year	96,506	103,054
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	557,508	503,566
Revenues from independent sources (s31)	202,811	203,404
Expenses not requiring appropriation in the Budget year	(4,328)	22,085
Total expenses for Outcome 1	1,985,094	2,005,821
	2009-10	2010-11
Average Staffing Level (number)	5,850	5,929

Contributions to Outcome 1

Program 1.1: Human Services

Program objective

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

Program expenses

- Government and non-government revenues earned by CRS Australia are affected by the level of demand for services at the local area and the capacity to gain employment for job seekers.
- Funding is provided to maintain customer services for separated parents and to prevent any further growth in uncollected child support.

Program Expenses 1.1 Human Services

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
(‘000)					
Annual administered expenses:					
Income Management Card	3,966	4,846	5,006	5,006	5,006
Expenses not requiring appropriation in the Budget year					
Administered depreciation	-	53	53	54	-
Annual departmental expenses:					
Departmental appropriation	557,508	503,566	475,991	480,037	484,803
Revenue from other sources (s31)	202,811	203,404	203,404	202,951	202,785
Expenses not requiring appropriation in the Budget year	(4,328)	22,085	21,040	18,522	18,521
Total program expenses	759,957	733,954	705,494	706,570	711,115

Program 1.1 Deliverables

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

Program 1.1 Key Performance Indicators

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

Program 1.1 Key Performance Indicators

Program Key Performance Indicators					
Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Briefs are submitted within agreed timeframes.	95%	95%	95%	95%	95%
Ministerial replies to correspondence are submitted within agreed timeframes.	95%	95%	95%	95%	95%
Key initiatives (such as service delivery reform initiatives, fraud and compliance initiatives and the Income Management Card) are delivered within agreed timeframes and budgets.	All	All	All	All	All
Service delivery performance against agreed standards and targets is reported to the Minister in agreed timeframes.	Quarterly reports provided to Minister within 6 weeks of end of quarter	Quarterly reports provided to Minister within 6 weeks of end of quarter	Quarterly reports provided to Minister within 6 weeks of end of quarter	Quarterly reports provided to Minister within 6 weeks of end of quarter	Quarterly reports provided to Minister within 6 weeks of end of quarter
The portfolio will work together to deliver a Bill for the introduction to Parliament (in the autumn sitting 2011) for the portfolio to be established as one Department of State. *		100%			
By the end of 2010 the portfolio will have another 20 co-located offices around Australia.*		100%			
By the end of 2010 the portfolio will have a single phone number and a single website.*		100%			
Governance arrangements are appropriately implemented and managed for the portfolio agencies and business units.	Regular performance management meetings and reports provided to the Secretary and Minister	Regular performance management meetings and reports provided to the Secretary and Minister	Regular performance management meetings and reports provided to the Secretary and Minister	Regular performance management meetings and reports provided to the Secretary and Minister	Regular performance management meetings and reports provided to the Secretary and Minister

* These Key Performance Indicators are shared across portfolio agencies.

Program 1.1 Key Performance Indicators (continued)

Program Key Performance Indicators					
Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Customer satisfaction with child support services is maintained.	70%	70%	70%	70%	70%
Cost per child support case.	\$585.15	\$566.20	\$563.58	\$558.30	\$558.30
Cost per dollar of child support transferred.	16.22 cents	15.42 cents	15.57 cents	15.15 cents	15.15 cents
<u>CRS Australia</u>					
Certification in Disability Service Standards.	Certified	Certified	Certified	Certified	Certified
At or above the market average for job seekers that remain in employment for 13 weeks.	70%	70%	70%	70%	70%

Note: Key Performance Indicators have been expanded to better reflect deliverables

Program 1.2: Child Support

Program objective

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

Program expenses

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

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Program Expenses 1.2 Child Support

('000)	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Annual administered expenses:					
<i>Child Support dishonoured cheques and other shortfalls</i>	1,438	1,490	1,538	1,582	1,623
Special Appropriations:					
<i>Child Support s77 - unremitted deductions</i>	71,883	74,467	76,843	79,064	81,117
<i>Child Support s78 - unexplained remittances</i>	50	50	50	50	50
Special Account Expenses:					
<i>Child Support Account</i>	1,055,260	1,092,859	1,128,259	1,161,378	1,191,994
Expenses not requiring appropriation in the Budget year					
<i>Net write down of assets:</i>					
<i>Receivables</i>	96,506	103,054	105,755	108,282	110,619
Total program expenses	1,225,137	1,271,920	1,312,445	1,350,356	1,385,403

Program 1.2 Deliverables

- Collect and disburse child support payments.

Program 1.2 Key Performance Indicators

Program Key Performance Indicators					
Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Total amount of child support transferred between parents in a timely manner.	\$3.0 billion	\$3.1 billion	\$3.1 billion	\$3.2 billion	\$3.2 billion
Child support collection rate (CSA collect only).	91.5 %	91.5 %	91.6 %	91.7 %	91.7%
Percentage of Private collect cases to total active cases (CSA and Private collect cases).	52%	52%	52%	52%	52%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010 11 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, Special Accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

There are no movements of administered funds between years for the Department of Human Services.

3.1.2 Special Accounts

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

Table 3.1.2: Estimates of Special Account Flows and Balances

	Opening balance 2010-11 <i>2009-10</i>	Receipts 2010-11 <i>2009-10</i>	Payments 2010-11 <i>2009-10</i>	Adjustments 2010-11 <i>2009-10</i>	Closing balance 2010-11 <i>2009-10</i>
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Child Support Account (A)	55,789 <i>55,789</i>	1,222,433 <i>1,180,465</i>	1,222,433 <i>1,180,465</i>	- -	55,789 <i>55,789</i>
Total Special Accounts					
2010-11 Budget estimate	55,789	1,222,433	1,222,433	-	55,789
<i>Total Special Accounts</i>					
<i>2009-10 estimate actual</i>	<i>55,789</i>	<i>1,180,465</i>	<i>1,180,465</i>	-	<i>55,789</i>

(A) = Administered

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure (AGIE)

Outcome	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Department of Human Services							
Outcome 1							
Informed government decisions on, and access to social, health and child support services for Australians through policy development and advice, and the coordination and delivery of services.							
Administered 2010-11	4,846	160	-	5,006	-	5,006	1.1
<i>Administered 2009-10</i>	3,966	-	-	3,966	-	3,966	1.1
Departmental 2010-11	1,253	-	-	1,253	-	1,253	1.1
<i>Departmental 2009-10</i>	4,658	-	-	4,658	-	4,658	1.1
Total outcome 2010-11	6,099	160	-	6,259	-	6,259	
<i>Total outcome 2009-10</i>	8,624	-	-	8,624	-	8,624	
Total administered 2010-11	4,846	160	-	5,006	-	5,006	
<i>Total administered 2009-10</i>	3,966	-	-	3,966	-	3,966	
Total departmental 2010-11	1,253	-	-	1,253	-	1,253	
<i>Total departmental 2009-10</i>	4,658	-	-	4,658	-	4,658	
Total AGIE 2010-11	6,099	160	-	6,259	-	6,259	
<i>Total AGIE 2009-10</i>	<i>8,624</i>	<i>-</i>	<i>-</i>	<i>8,624</i>	<i>-</i>	<i>8,624</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The agency resource statement in Table 1.1 shows how the 2010-11 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), receipts from other sources, and Special Account receipts.

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

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

The major change to the presentation of departmental financial statements is the Government's move to "net cash appropriations" and the introduction of "Departmental Capital Budget" (DCB) funding. Up until 2009-10, the Government has provided funding through the revenue appropriation in respect of depreciation expenses. This funding was not necessarily utilised by agencies in the year of the expense but could be accumulated for use at the time of purchases of replacement assets. Commencing in 2010-11, the depreciation funding component of the departmental revenue appropriation has been removed and a separate appropriation amount has been included specifically for asset purchases under the DCB. This DCB funding is classified as equity injections from the Government and not as revenue.

The effects of this change are evident through a number of statements as indicated below.

Departmental comprehensive income statement (Table 3.2.1)

The main change is the reduction in revenue as a result of the removal of depreciation funding from the revenue appropriation leading to the operating deficit commencing in 2010-11.

Departmental appropriation funding also declines in 2010-11 and 2011-12 due to the completion of short term activities arising from past government decisions.

Departmental balance sheet (Table 3.2.2)

The equity component of the balance sheet presents the effects of the change to net cash appropriations through the rise in contributed equity and the decline in retained surpluses.

Departmental Capital Budget Statement (Table 3.2.5)

This table shows the introduction in 2010-11 of the DCB funding which is appropriated as a separate component within Appropriation Bill 1. Purchase of non-financial assets funded through external revenue (mainly charges for goods and services) is still presented as “funded internally from departmental resources”.

Administered financial statements

There has been a minor change to the classification of penalties imposed under the child support program. Previously these penalties were classified as “other taxes, fees and fines” within the taxation grouping. As these child support penalties do not arise from specific tax legislation, they are now being classified as non-tax revenue. This reclassification is evident in Administered income and expenses (Table 3.2.7) and in Administered assets and liabilities (Table 3.2.8) as a receivable.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	484,550	461,768	439,464	438,755	438,767
Supplier expenses	241,108	237,452	232,160	236,439	241,027
Depreciation and amortisation	28,056	27,605	26,561	24,042	24,042
Finance costs	483	436	456	480	479
Write-down and impairment of assets	17	17	17	17	17
Other	1,777	1,777	1,777	1,777	1,777
Total expenses	755,991	729,055	700,435	701,510	706,109
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	200,362	200,957	200,957	200,957	200,957
Rental income	-	1,447	1,447	994	828
Other	2,955	1,506	1,506	1,506	1,506
Total revenue	203,317	203,910	203,910	203,457	203,291
Total own-source income	203,317	203,910	203,910	203,457	203,291
Net cost of (contribution by) services	552,674	525,145	496,525	498,053	502,818
Revenue from Government	557,508	503,566	475,991	480,037	484,803
Surplus (Deficit)	4,834	(21,579)	(20,534)	(18,016)	(18,015)
Surplus (Deficit) attributable to the Australian Government	4,834	(21,579)	(20,534)	(18,016)	(18,015)
Total comprehensive income attributable to the Australian Government	4,834	(21,579)	(20,534)	(18,016)	(18,015)

Note: Reconciliation of operating result attributable to the agency

	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000
Operating result attributable to the Australian Government	4,834	(21,579)	(20,534)	(18,016)	(18,015)
plus non-appropriated expenses depreciation and amortisation expenses	-	23,913	22,869	20,350	20,350
Operating result attributable to the Agency	4,834	2,334	2,335	2,334	2,335

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,822	6,127	5,204	5,225	5,302
Trade and other receivables	227,069	224,774	225,373	227,554	227,066
Other	1,347	1,847	1,847	1,847	1,847
Total financial assets	234,238	232,748	232,424	234,626	234,215
Non-financial assets					
Land and buildings	47,773	52,594	64,111	61,796	68,988
Property, plant and equipment	8,209	14,896	16,460	16,315	16,170
Intangibles	37,005	44,422	51,890	55,701	56,609
Other	4,786	4,786	4,786	4,786	4,786
Total non-financial assets	97,773	116,698	137,247	138,598	146,553
Total assets	332,011	349,446	369,671	373,224	380,768
LIABILITIES					
Payables					
Suppliers	36,435	35,811	36,245	36,787	36,787
Other	17,423	14,970	12,948	10,960	10,960
Total payables	53,858	50,781	49,193	47,747	47,747
Interest bearing liabilities					
Leases	4,331	4,331	4,331	4,331	4,331
Total interest bearing liabilities	4,331	4,331	4,331	4,331	4,331
Provisions					
Employee provisions	110,987	113,062	114,792	118,884	118,917
Other	7,381	7,817	8,274	8,754	9,233
Total provisions	118,368	120,879	123,066	127,638	128,150
Total liabilities	176,557	175,991	176,590	179,716	180,228
Net assets	155,454	173,455	193,081	193,508	200,540
EQUITY*					
Parent entity interest					
Contributed equity	90,426	130,006	170,166	188,609	213,656
Reserves	3,746	3,746	3,746	3,746	3,746
Retained surplus (accumulated deficit)	61,282	39,703	19,169	1,153	(16,862)
Total parent entity interest	155,454	173,455	193,081	193,508	200,540
Total equity	155,454	173,455	193,081	193,508	200,540

Prepared on Australian Accounting Standards basis.

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

Table 3.2.3: Departmental statement of changes in equity - summary of movement (Budget year 2010-11)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	61,282	3,746	-	90,426	155,454
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	61,282	3,746	-	90,426	155,454
Comprehensive income					
Surplus (deficit) for the period	(21,579)	-	-	-	(21,579)
Total comprehensive income recognised directly in equity	(21,579)	-	-	-	(21,579)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (departmental capital budget)	-	-	-	39,580	39,580
Sub-total transactions with owners	-	-	-	39,580	39,580
Estimated closing balance as at 30 June 2011	39,703	3,746	-	130,006	173,455

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	200,144	202,387	202,387	201,878	201,768
Appropriations	560,213	505,861	475,392	477,912	485,291
Net GST received	44,236	44,047	43,370	43,730	44,035
Other	2,449	500	1,000	1,000	1,000
Total cash received	807,042	752,795	722,149	724,520	732,094
Cash used					
Employees	480,985	459,693	437,734	434,663	438,734
Suppliers	244,157	240,023	233,242	237,379	240,521
Net GST paid	44,236	44,047	43,370	43,730	44,035
Other	3,380	1,777	1,776	1,777	1,777
Total cash used	772,758	745,540	716,122	717,549	725,067
Net cash from (used by) operating activities	34,284	7,255	6,027	6,971	7,027
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	35,652	46,530	47,110	25,393	31,997
Total cash used	35,652	46,530	47,110	25,393	31,997
Net cash from (used by) investing activities	(35,652)	(46,530)	(47,110)	(25,393)	(31,997)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	39,580	40,160	18,443	25,047
Total cash received	-	39,580	40,160	18,443	25,047
Net cash from (used by) financing activities	-	39,580	40,160	18,443	25,047
Net increase (decrease) in cash held	(1,368)	305	(923)	21	77
Cash and cash equivalents at the beginning of the reporting period	7,190	5,822	6,127	5,204	5,225
Cash and cash equivalents at the end of the reporting period	5,822	6,127	5,204	5,225	5,302

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	39,580	40,160	18,443	25,047
Previous years' outputs - Bill 2	7,779	-	-	-	-
Total capital appropriations	7,779	39,580	40,160	18,443	25,047
Total new capital appropriations Represented by:					
Purchase of non-financial assets	-	39,580	40,160	18,443	25,047
Other Items	7,779	-	-	-	-
Total Items	7,779	39,580	40,160	18,443	25,047
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹	-	39,580	40,160	18,443	25,047
Funded internally from departmental resources ²	35,652	6,950	6,950	6,950	6,950
TOTAL	35,652	46,530	47,110	25,393	31,997
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	35,652	46,530	47,110	25,393	31,997
Total cash used to acquire assets	35,652	46,530	47,110	25,393	31,997

Prepared on Australian Accounting Standards basis.

¹ Does not include annual finance lease costs. Includes purchases from current and previous years Departmental Capital Budgets.

² Includes the following sources of funding:

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

Table 3.2.6: Statement of Asset Movements (2010-11)

	Land	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010					
Gross book value	1,500	72,516	24,029	77,991	176,036
Accumulated depreciation/amortisation and impairment	-	(26,243)	(15,820)	(40,986)	(83,049)
Opening net book balance	1,500	46,273	8,209	37,005	92,987
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity	-	15,687	9,535	21,308	46,530
Total additions	-	15,687	9,535	21,308	46,530
Other movements					
Depreciation/amortisation expense	-	(10,866)	(2,848)	(13,891)	(27,605)
As at 30 June 2011					
Gross book value	1,500	88,203	33,564	99,299	222,566
Accumulated depreciation/amortisation and impairment	-	(37,109)	(18,668)	(54,877)	(110,654)
Closing net book balance	1,500	51,094	14,896	44,422	111,912

* Proceeds may be returned to the OPA

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation revenue					
Fees and fines - child support penalties	50,840	52,667	54,346	55,915	57,367
Dividends	4,783	5,630	6,670	1,500	1,200
Competitive neutrality revenue	8,582	9,364	10,321	6,554	6,414
Other	1,182,331	1,224,814	1,263,843	1,300,356	1,334,109
Total non-taxation revenue	1,246,536	1,292,475	1,335,180	1,364,325	1,399,090
Total revenues administered on behalf of Government	1,246,536	1,292,475	1,335,180	1,364,325	1,399,090
Total income administered on behalf of Government	1,246,536	1,292,475	1,335,180	1,364,325	1,399,090
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Supplier expenses	3,966	4,846	5,006	5,006	5,006
Depreciation and amortisation	-	53	53	54	-
Write-down and impairment of assets	96,506	103,054	105,755	108,282	110,619
Other	1,128,631	1,168,866	1,206,690	1,242,074	1,274,784
Total expenses administered on behalf of Government	1,229,103	1,276,819	1,317,504	1,355,416	1,390,409

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	48	48	48	48	48
Receivables	590,012	614,271	639,048	660,781	686,982
Investments	27,002	27,002	27,002	27,002	27,002
Total financial assets	617,062	641,321	666,098	687,831	714,032
Non-financial assets					
Property, plant and equipment	-	107	54	-	-
Total non-financial assets	-	107	54	-	-
Total assets administered on behalf of Government	617,062	641,428	666,152	687,831	714,032
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Child support payable	26,341	26,341	26,341	26,341	26,341
Other	27,735	27,735	27,735	27,735	27,735
Total payables	54,076	54,076	54,076	54,076	54,076
Provisions					
Other	571,915	594,355	618,087	643,028	669,086
Total provisions	571,915	594,355	618,087	643,028	669,086
Total liabilities administered on behalf of Government	625,991	648,431	672,163	697,104	723,162

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Penalties	8,643	5,267	5,435	5,591	5,737
Dividends	32,796	4,364	6,150	4,085	1,350
Competitive neutrality receipts	10,839	9,105	10,106	7,502	6,456
Net GST received	397	501	501	501	501
Other	1,107,094	1,146,426	1,182,957	1,217,132	1,248,727
Total cash received	1,159,769	1,165,663	1,205,149	1,234,811	1,262,771
Cash used					
Suppliers	3,966	4,846	5,006	5,006	5,006
Net GST paid	397	501	501	501	501
Other	1,106,661	1,146,426	1,182,958	1,217,133	1,248,726
Total cash used	1,111,024	1,151,773	1,188,465	1,222,640	1,254,233
Net cash from (used by) operating activities	48,745	13,890	16,684	12,171	8,538
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	160	-	-	-
Total cash used	-	160	-	-	-
Net cash from (used by) investing activities	-	(160)	-	-	-
Net increase (decrease) in cash held	48,745	13,730	16,684	12,171	8,538
Cash and cash equivalents at beginning of reporting period	48	48	48	48	48
Cash from Official Public Account for:					
- Appropriations	77,337	81,013	83,437	85,702	87,796
- Special Accounts	1,033,290	1,070,419	1,104,527	1,136,437	1,165,936
	1,110,627	1,151,432	1,187,964	1,222,139	1,253,732
Cash to Official Public Account for:					
- Administered revenue	52,278	18,736	21,691	17,178	13,543
- Appropriations	73,804	76,007	78,430	80,695	82,791
- Special Accounts	1,033,290	1,070,419	1,104,527	1,136,437	1,165,936
	1,159,372	1,165,162	1,204,648	1,234,310	1,262,270
Cash and cash equivalents at end of reporting period	48	48	48	48	48

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Administered Capital Budget

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Administered assets and liabilities - Bill 2	-	160	-	-	-
Total capital appropriations	-	160	-	-	-
Total new capital appropriations Represented by:					
Purchase of non-financial assets	-	160	-	-	-
Total Items	-	160	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	160	-	-	-
TOTAL	-	160	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	-	160	-	-	-
Total cash used to acquire assets	-	160	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.11: Schedule of Asset Movements - Administered

	Land	Buildings	Other property, plant and equipment	Investment property	Intangibles	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010							
Gross book value	-	-	-	-	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-	-	-	-	-
Opening net book balance	-	-	-	-	-	-	-
CAPITAL ASSET ADDITIONS							
Estimated expenditure on new or replacement assets							
By purchase - appropriation equity	-	-	160	-	-	-	160
Total additions	-	-	160	-	-	-	160
Other movements							
Depreciation/amortisation expense	-	-	(53)	-	-	-	(53)
As at 30 June 2011							
Gross book value	-	-	160	-	-	-	160
Accumulated depreciation/amortisation and impairment	-	-	(53)	-	-	-	(53)
Closing net book balance	-	-	107	-	-	-	107

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

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

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

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

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

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

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

Departmental and Administered items

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

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

Administered items are those items controlled by the Government and managed, or oversights, by the Department on behalf of the Government.

Revenue

Appropriations from government are revenues relating to the core operating activities of the Department. CRS Australia receives revenue from the provision of services. A small amount of revenue will be from resources received free of charge.

Employee expenses

Employee expenses consist of salaries, leave entitlements, fringe benefits tax, redundancy expenses, superannuation and workers compensation insurance.

Suppliers

Suppliers expenses consist of property operating costs, IT and systems development costs, professional development and administrative costs.

Cash

Cash includes notes and coins held and any deposits held with a bank or financial institution.

Assets

Infrastructure, plant and equipment comprise office fit-out and office equipment. Other assets are prepayments.

Asset valuation

Australian Government agencies are required to use the fair value basis to measure property, plant and equipment. Fair value essentially reflects the current market value of an asset.

Liabilities

Employee liabilities are provisions for recreation leave, long service leave and accrued salaries.

Suppliers are creditors (usually invoices on hand, but not yet due for payment).

Centrelink

Agency resources and planned performance

CENTRELINK

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CENTRELINK

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

Centrelink's 2010-11 Outcome Statement provides the basis for our Strategic Plan:

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

Centrelink is committed to working collaboratively across the Human Services portfolio to build partnerships for the delivery of quality outcomes for government and the Australian community.

The Strategic Priorities reflect the direction given by the Government to the portfolio. The Minister for Human Services confirms the expectations of Centrelink in contributing to the broader portfolio direction.

Our current Strategic Priorities are to:

- continue to progress and implement the service delivery reform agenda;
- continue to provide high quality services to the Australian community;
- contribute to the development and delivery of relevant government priorities, such as Social Inclusion, Closing the Gap, Welfare Reform and COAG Emergency Management;
- support our people in effectively transitioning to new portfolio arrangements;
- improve the integration of new technology in accordance with government's ICT reform agenda;
- build purposeful relationships across government and the Australian community; and
- ensure our service delivery is convenient, accessible and meets the diverse needs of the Australian community.

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: Centrelink Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010

	Estimate of prior ⁺ year amounts available in 2010-11 \$'000	Proposed at Budget ⁼ 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental appropriation ¹	398,273	-	398,273	362,604
Departmental appropriation ²	-	2,621,496	2,621,496	2,773,868
s31 Relevant agency receipts	-	89,043	89,043	212,764
Total	398,273	2,710,539	3,108,812	3,349,236
Total ordinary annual services	A 398,273	2,710,539	3,108,812	3,349,236
Other services				
Departmental non-operating				
Equity injections	-	54,961	54,961	17,341
Previous years' programs	-	-	-	1,903
Total	-	54,961	54,961	19,244
Total other services	B -	54,961	54,961	19,244
Total available annual appropriations	398,273	2,765,500	3,163,773	3,368,480
Special Accounts				
Opening balance ³	-	-	-	362,604
Non-appropriation receipts to Special Accounts	-	-	-	-
Total Special Account	C -	-	-	362,604
Total resourcing				
A+B+C	398,273	2,765,500	3,163,773	3,731,084
Less special account funds transferred to departmental appropriation above - (Prior year departmental appropriation)	-	-	-	(362,604)
Total net resourcing for Centrelink	398,273	2,765,500	3,163,773	3,368,480

Reader note: All figures are GST exclusive.

¹ Appropriation receivable and cash and equivalent adjusted for 2009-10 supplementary appropriation disclosed under Departmental appropriation.

² Includes an amount of \$144.9m in 2010-11 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

³ The Commonwealth Social Services (CSS) Special Account was abolished on 31 March 2010 and the balance was transferred to and is now reported under prior year departmental appropriation. For further information on special accounts see Table 3.1.2.

Third party payments from and on behalf of other agencies

	2010-11 \$'000	2009-10 \$'000
Centrelink has authority to make the following estimated payments on behalf of other agencies: ^{1,2,3,4} (disclosed in the respective Agency Resource Statement)		
Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)		
A New Tax System (<i>Family Assistance</i>) (<i>Administration</i>) Act 1999	19,002,663	19,650,137
Social Security (<i>Administration</i>) Act 1999	50,316,250	46,026,290
Ex Gratia and Act of Grace Payments (Annual Appropriations)	3,630	10,286
Paid Parental Leave Legislation ⁵	441,152	-
Department of Education, Employment and Workplace Relations (DEEWR)		
A New Tax System (<i>Family Assistance</i>) (<i>Administration</i>) Act 1999 ⁶	3,333,271	3,198,890
Social Security (<i>Administration</i>) Act 1999	13,384,456	13,422,517
Social Security Act 1991	3,123,242	2,552,832
Student Assistance Act 1973	264,704	259,830
Child Care for eligible parents undergoing training (Annual Appropriations)	52,675	53,158
Department of Agriculture, Fisheries and Forestry (DAFF)		
Farm Household Support Act 1992 (Exceptional Circumstances Relief Payment)	134,847	257,968
Total	90,056,890	85,431,908
Receipts received from other agencies for the provision of services (disclosed above within Departmental section 31)	76,066	199,787

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

2. Centrelink has no drawdown access to the above agencies' administered appropriations that are required to be drawn and paid to customers.

3. The respective agencies are responsible for the policy, estimates and reporting of these administered appropriations.

4. The figures disclosed above are based on the estimates as provided to Centrelink by the respective Agencies.

5. Estimated for Paid Parental Leave to be paid pending passage of the legislation.

6. The figures disclosed above includes Child Care Benefit program appropriation amounting to **\$1,947.8m** in 2009-10 and **\$1,998.6m** in 2010-11 that both Centrelink and DEEWR deliver to the customers on behalf of DEEWR.

1.3 BUDGET MEASURES

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

Table 1.2: Agency 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Department of Families, Housing, Community Services and Indigenous Affairs						
Reform of Community Development Employment Projects (CDEP) program in the Torres Strait						
	1.1	-	600	1,371	771	759
Departmental expenses						
Streamlining notification processes for compensation recipients						
	1.1	-	6,138	15,324	13,642	13,738
Departmental expenses						
Bulk Verification of Community Housing Rents						
	1.1	-	1,792	(581)	(1,278)	(1,360)
Departmental expenses						
Special Disability Trusts - greater accessibility						
	1.1	-	333	2	2	2
Departmental expenses						
Samoan tsunami and Sumatran earthquakes - assistance						
	1.1	392	-	-	-	-
Departmental expenses						
<u>NSW Mid-North Coast floods</u>						
- assistance for March 2009 event						
		203	-	-	-	-
Departmental expenses						
	1.1	1,958	-	-	-	-
Departmental expenses						
- assistance for November 2009 event						
	1.1	294	-	-	-	-
Departmental expenses						
Western Australian bushfires - assistance						
	1.1	422	48	-	-	-
Departmental expenses						
Victorian storms - assistance						
	1.1	422	48	-	-	-
Departmental expenses						
South West Queensland floods - assistance						
	1.1	2,075	199	-	-	-
Departmental expenses						

Prepared on a Government Financial Statistics (fiscal) basis

Table 1.2: Agency 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Family Tax Benefit Part A - improved participation requirements for 16 to 20 year olds	1.1					
Departmental expenses		12,740	10,055	9,228	9,232	9,213
Paid Parental Leave - implementation	1.1					
Departmental expenses		377	3,513	4,265	2,911	2,291
Income management in cases of child neglect and by voluntary choice - continuation of trial	1.1					
Departmental expenses		-	10,867	-	-	-
Family Tax Benefit Non-lodger Fortnightly Payment Prohibition - more flexible arrangements	1.1					
Departmental expenses		328	1,637	212	213	215
<u>Stronger, fairer, simpler tax reform</u>						
- 50 per cent discount for interest income	1.1					
Departmental expenses		-	369	1,390	1,108	405
- standard deduction for work-related expenses and the cost of managing tax affairs	1.1					
Departmental expenses		-	-	722	623	1,442
Department of Education, Employment and Workplace Relations						
School Enrolment and Attendance Trial - continuation	1.1					
Departmental expenses		-	2,366	-	-	-
Drought assistance - Assistance for Isolated Children Scheme - extension	1.1					
Departmental expenses		-	464	-	-	-
Job Capacity Assessment - more efficient and accurate assessments for Disability Support Pension and employment services	1.1					
Departmental expenses		-	8,344	82,706	86,361	91,220
Child Care Rebate - return the annual cap of \$7,500 and pause indexation	1.1					
Departmental expenses		442	367	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

Table 1.2: Agency 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
Department of Agriculture, Fisheries and Forestry						
<u>Drought assistance</u>						
- Exceptional Circumstances assistance for primary producers	1.1					
Departmental expenses		1,429	2,712	-	-	-
- Exceptional Circumstances assistance for small business	1.1					
Departmental expenses		70	322	-	-	-
- professional advice and planning - extension	1.1					
Departmental expenses		-	2,037	-	-	-
- re-establishment assistance - extension	1.1					
Departmental expenses		-	385	-	-	-
- transitional income support - extension	1.1					
Departmental expenses		-	-	-	-	-
Drought policy reform - pilot of new measures in Western Australia	1.1					
Departmental expenses		577	2,927	-	-	-
Department of Human Services						
<u>Fraud prevention and compliance</u>						
- Centrelink debts - review of non-standard debt repayment rates	1.1					
Departmental expenses		-	7,986	10,003	5,225	5,260
- Centrelink debts - improvements to the tax garnishee process	1.1					
Departmental expenses		-	2,121	178	76	36
- enhanced capability for Centrelink to detect and respond to emerging fraud risks	1.1					
Departmental expenses		-	17,608	18,347	12,226	12,422
Drought assistance - mobile service and rural servicing support - extension	1.1					
Departmental expenses		-	-	-	-	-
Secure and sustainable pension reform - additional funding for service delivery	1.1					
Departmental expenses		(891)	2,478	3,008	2,812	2,830

Prepared on a Government Financial Statistics (fiscal) basis

Table 1.2: Agency 2010-11 Budget measures

Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures					
An Innovation and Higher Education System for the 21st Century - Student income support - additional funding for service delivery	1.1				
Departmental expenses	2,217	7,345	7,122	7,075	6,334
Jobs and Training Compact					
- Youth Attainment and Transitions National Partnership - additional funding	1.1				
Departmental expenses	2,232	420	425	429	429
- improved participation requirements for 15-20 year olds - additional funding for service delivery	1.1				
Departmental expenses	9,594	5,488	4,401	4,061	3,589
Department of Finance and Deregulation					
Information and Communication Technology Business-as-Usual Reinvestment Fund	1.1				
Departmental expenses	-	1,809	-	-	-
Department of Immigration and Citizenship					
Migration Program - allocation of places for 2010-11 ¹	1.1	*	*	*	*
Departmental expenses					
Total expense measures					
Departmental	34,459	100,730	158,123	145,489	148,825
Capital measures					
Department of Families, Housing, Community Services and Indigenous Affairs					
Streamlining notification processes for compensation recipients	1.1				
Departmental capital	-	3,201	946	-	-
Family Tax Benefit Part A - improved participation requirements for 16 to 20 year olds	1.1				
Departmental capital	2,405	-	-	-	-
Income management in cases of child neglect and by voluntary choice - continuation of trial	1.1				
Departmental capital	-	28	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

¹ The funding for the measure 'Migration Program - increase in skill stream places in 2010-11' will be agreed post Budget.

Table 1.2: Agency 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Capital measures						
Department of Education, Employment and Workplace Relations						
Job Capacity Assessment - more efficient and accurate assessments for Disability Support Pension and employment services						
	1.1	-	3,152	1,149	-	-
Departmental capital						
Department of Human Services						
<u>Fraud prevention and compliance</u>						
- enhanced capability for Centrelink to detect and respond to emerging fraud risks						
	1.1	-	5,256	4,715	415	-
Departmental capital						
Secure and sustainable pension reform - additional funding for service delivery						
	1.1	1,591	2,368	-	-	-
Departmental capital						
An Innovation and Higher Education System for the 21st Century - Student income support - additional funding for service delivery						
	1.1	4,579	423	348	-	-
Departmental capital						
<u>Jobs and Training Compact</u>						
- Youth Attainment and Transitions National Partnership - additional funding						
	1.1	1,560	-	-	-	-
Departmental capital						
- improved participation requirements for 15-20 year olds - additional funding for service delivery						
	1.1	3,035	-	-	-	-
Departmental capital						
Department of Finance and Deregulation						
Information and Communication Technology Business-as-Usual Reinvestment Fund						
	1.1	-	20,909	-	-	-
Departmental capital						
Total capital measures						
	Departmental	13,170	35,337	7,158	415	-

Prepared on a Government Financial Statistics (fiscal) basis

Note: The lead agency for each measure is indicated in the table above. The full measure description and package details appear in Budget Paper No. 2 under the relevant portfolio.

Note: The measure "A New Scheme of Income Management" will appear in the Budget Paper No.2 as it was decided after MYEFO. However, it was reported in the 2009-10 Portfolio Additional Estimates Statements and therefore will not appear in the 2010-11 Portfolio Budget Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

Outcome 1: Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government.

Outcome 1 Strategy

Centrelink's strategy is one of continual improvement for the way we deliver services. We do this by providing an integrated network for the Human Services portfolio, which will be strengthened through the service delivery reform agenda.

Service delivery reform is the Government's strategy to give Australians better access to social, health and welfare services. The Human Services portfolio is transforming to enhance flexibility and effectiveness in delivering easy, high quality services that work for all Australians.

As part of the reform, the Government will continue to better coordinate, tailor and target its services to people, based on their needs and circumstances, through avenues most accessible and suited to them.

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

The key outcome milestones will be to achieve service delivery improvements and greater cross-agency integration and collaboration. The key performance areas embodied in our service delivery include:

- design and implement service delivery systems that maximise the ability to achieve government objectives through implementation of government programs and policy;
- deliver ongoing services and respond to emerging needs; and

Outcome 1 Strategy continued

- make it easy for customers to do business with Centrelink, while responding in a timely manner, and matching services and payments to customers' circumstances.

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

- the implementation of the service delivery reform agenda for integration and strengthened collaboration across the Human Services portfolio;
- our role in aligning with and contributing to whole of government social policy and connecting services with State and community-based organisations;
- the need to build on our collaboration and partnerships with other government agencies and the Australian community;
- the key demographic trend of Australia's rapidly ageing population resulting in both increased customer numbers and a shortage of skilled working age people;
- the need to deliver services that improve our efficiency and more effectively meet customer needs through better use of technology and self service channels;
- the need to provide timely citizen access to government services during emergencies and balance these short term demands with the continuous delivery of established payments and services; and
- the need to contribute and respond to the various government reviews and reform agendas.

Outcome Expense and Resource Statement

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

Table 2.1: Budgeted Expenses and Resources for Outcome 1

Outcome 1: Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Program 1.1: Service Delivery		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,779,716	2,441,829
Revenues from independent sources (s31)	160,215	89,222
Expenses not requiring appropriation in the Budget year	2,735	157,364
Total for Program 1.1	2,942,666	2,688,415
Outcome 1 Totals by appropriation type		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,779,716	2,441,829
Revenues from independent sources (s31)	160,215	89,222
Expenses not requiring appropriation in the Budget year	2,735	157,364
Total expenses for Outcome 1	2,942,666	2,688,415
	2009-10	2010-11
Average Staffing Level (number)	25,580	23,700

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

Contributions to Outcome 1

Program 1.1: Service Delivery

Program objective

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

Linked to:

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

- Department of Education, Employment and Workplace Relations
- Department of Families, Housing, Community Services and Indigenous Affairs (including Family Assistance Office)
- Department of Infrastructure, Transport, Regional Development and Local Government
- Department of Veterans' Affairs
- Department of Health and Ageing
- Department of Agriculture, Fisheries and Forestry
- Department of Foreign Affairs and Trade
- Department of Environment, Water, Heritage and the Arts
- Department of Broadband, Communications and Digital Economy
- Department of Immigration and Citizenship
- Department of Innovation, Industry, Science and Research
- Department of the Treasury
- Department of Climate Change and Energy Efficiency
- Attorney-General's Department
- Australian Taxation Office
- Various State and Territory Governments
- 9 Countries with which Australia has an International Social Security Agreement
- Australian Electoral Commission

Program 1.1 Expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses:					
Departmental item	2,939,931	2,531,051	2,423,473	2,436,266	2,495,330
Expenses not requiring appropriation in the Budget year	2,735	157,364	163,967	144,854	126,412
Total program expenses	2,942,666	2,688,415	2,587,440	2,581,120	2,621,742

Program 1.1 Deliverables

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

1. design and implement service delivery systems that maximise the ability to achieve government objectives through implementation of government programs and policy,
2. deliver ongoing services and respond to emerging needs, and
3. make it easy for customers to do business with Centrelink, respond in a timely manner, and match services and payments to customers' circumstances.

To support achievement in these performance areas Centrelink will:

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

Program 1.1 Key Performance Indicators

- 1.1 Implement Service delivery reform commitments as required by the Minister.
- 1.2 Implement government decisions on time and budget.
- 1.3 Connect individuals to programs that provide educational, social and economic opportunities.
- 1.4 Support social, economic, educational and community engagement for Indigenous and regional Australians.
- 1.5 Support individuals and families to participate economically and socially through payments and services.
- 1.6 Minister is satisfied with the timeliness and relevance of advice for decision-making.
- 2.1 Support the delivery of accurate customer payments.
- 2.2 Support delivery of government's emergency response.
- 3.1 Customers are satisfied with the ease of access to and quality of service provided by Centrelink.
- 3.2 Centrelink provides services and referrals that are timely and appropriate.

Program 1.1 Key Performance Indicators

Program 1.1 Key Performance Indicators					
Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
The portfolio will work together to deliver a Bill for the introduction to Parliament (in the autumn sitting 2011) for the portfolio to be established as one Department of State*.		100%			
By the end of 2010 the portfolio will have another 20 co-located offices around Australia*.		100%			
By the end of 2010 the portfolio will have a single phone number and a single website*.		100%			
Budget initiatives rated 'red' in traffic light report structure .	<5%	<5%	<5%	<5%	<5%
Activity-tested Newstart Allowance recipients connected to an Employment Services Provider.	95%	95%	95%	95%	95%
Geographical areas across Australia in which services are accessible.		80%	80%	80%	80%
Operational service level for Mobile Offices servicing rural and regional communities.		85%	85%	85%	85%
Calls to Call Centre answered in 150 seconds.		70%	70%	70%	70%
Support individuals and families to participate economically and socially through payments and services.	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey

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Program 1.1 Key Performance Indicators continued

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Briefs are submitted within agreed timeframes.	95%	95%	95%	95%	95%
Ministerial replies to correspondence are submitted within agreed timeframes.	95%	95%	95%	95%	95%
Support the delivery of accurate payment statements	Payment integrity standards are achieved	Payment integrity standards are achieved	Payment integrity standards are achieved	Payment integrity standards are achieved	Payment integrity standards are achieved
Support delivery of Government's emergency response	Provide service delivery support in the event of emergency/disaster situations	Provide service delivery support in the event of emergency/disaster situations	Provide service delivery support in the event of emergency/disaster situations	Provide service delivery support in the event of emergency/disaster situations	Provide service delivery support in the event of emergency/disaster situations
Overall Customer Satisfaction	88%	88%	88%	88%	88%
Provides services and referrals that are timely and appropriate	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey	Positive response to this element in Customer Satisfaction survey

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010 11 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, Special Accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.2 Special Accounts

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

Table 3.1.2: Estimates of Special Account Flows and Balances

	Opening balance 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Closing balance 2010-11 2009-10
Outcome	\$'000	\$'000	\$'000	\$'000
Commonwealth Social Services Special Account (D)	1 -	-	-	-
	362,604	-	(362,604)	-
Commonwealth Services Delivery Agency Other Trust Moneys Account (T)	358 370	1,301 1,401	(1,477) (1,413)	182 358
Total Special Accounts 2010-11 Budget estimate	358	1,301	(1,477)	182
<i>Total Special Accounts 2009-10 estimate actual</i>	362,974	1,401	(364,017)	358

(D) = Departmental

(T) = Assets held in Trust

Notes:

1. Centrelink received departmental funding via policy agencies (e.g. FaHCSIA, DEEWR, DAFF) until 30 June 2009. From 1 July 2009, Centrelink received departmental funding via direct appropriation. This means the Commonwealth Social Services (CSS) Special Account is no longer required and was thus abolished in accordance with determination 2009/26. During the year, \$2,061.7m was received and paid from this account. The remaining balance of the CSS Special Account was transferred to the departmental appropriation.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Centrelink							
Outcome 1							
Self sufficiency for individuals and families through access to personalised assistance and co-ordinated delivery of payments and services on behalf of government							
Departmental 2010-11	88,955			88,955	66,661	155,616	1.1
<i>Departmental 2009-10</i>	<i>90,780</i>			<i>90,780</i>	<i>66,499</i>	<i>157,279</i>	<i>1.1</i>
Total outcome 2010-11	88,955			88,955	66,661	155,616	
<i>Total outcome 2009-10</i>	<i>90,780</i>			<i>90,780</i>	<i>66,499</i>	<i>157,279</i>	
<hr/>							
Total departmental 2010-11	88,955			88,955	66,661	155,616	
<i>Total departmental 2009-10</i>	<i>90,780</i>			<i>90,780</i>	<i>66,499</i>	<i>157,279</i>	
Total AGIE 2010-11	88,955			88,955	66,661	155,616	1.1
<i>Total AGIE 2009-10</i>	<i>90,780</i>			<i>90,780</i>	<i>66,499</i>	<i>157,279</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

These differences mainly comprise of:

- GST cash receipts included in the Agency Resource Statement (GFS); and
- Resources Received Free of Charge (AAS).

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Budgeted departmental comprehensive income statement (see table 3.2.1)

Centrelink is estimating an operating surplus of \$29.0m for 2009-10, which represents less than one per cent of the total estimated actual income of \$2,971.7m. Centrelink is forecasting break-even operating results for the forward years.

The total income for 2010-11 is estimated to decrease by \$437.8m from the 2009-10 estimated actual income, primarily due to decreases in funding from the Centrelink Funding Model, impact of the Operation Sunlight - Net cash appropriation arrangement and offset by net increases in new Budget measures.

The 2010-11 expense is estimated to decrease by \$254.3m from the 2009-10 financial year. The decrease in expenses is lower than the decrease in revenue due to the impact of the net cash appropriation arrangement whereby the depreciation and amortisation expenses are now funded via a Department Capital Budget (DCB), and is accounted for as "contribution by owners".

Budgeted departmental balance sheet (see table 3.2.2)

Centrelink's budgeted net asset position of \$366.1m represents an increase of \$32.1m from the 30 June 2009 estimated actual position. The increase is mainly due to capital appropriation to be received in 2010-11 to fund capital works relating to certain budget measures.

The 2010-11 total assets are expected to increase by \$51.7m, mainly reflecting anticipated increases in trade and other receivables, cash and equivalents (\$9.2m), prepayments (\$1.2m) and fixed assets (\$41.2m).

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Centrelink's total liabilities are estimated to increase by approximately \$19.7m in 2010-11 due to increases in employee provisions (\$11.7m), supplier payables (\$1.6m), other payables (\$8.3m) and offset by decrease in other provisions (\$1.9m). The primary liability continues to be accrued employee leave entitlements.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	1,875,952	1,674,584	1,587,749	1,595,459	1,652,361
Supplier expenses	908,863	855,756	835,069	840,209	842,429
Depreciation and amortisation	154,351	154,575	161,122	141,952	123,452
Write-down and impairment of assets	3,500	3,500	3,500	3,500	3,500
Total expenses	2,942,666	2,688,415	2,587,440	2,581,120	2,621,742
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	160,215	89,222	21,227	21,182	21,180
Total revenue	160,215	89,222	21,227	21,182	21,180
Gains					
Other	2,735	2,789	2,845	2,902	2,960
Total gains	2,735	2,789	2,845	2,902	2,960
Total own-source income	162,950	92,011	24,072	24,084	24,140
Net cost of services	2,779,716	2,596,404	2,563,368	2,557,036	2,597,602
Revenue from Government	2,808,716	2,441,829	2,402,246	2,415,084	2,474,150
Surplus (Deficit)	29,000	(154,575)	(161,122)	(141,952)	(123,452)
Surplus (Deficit) attributable to the Australian Government	29,000	(154,575)	(161,122)	(141,952)	(123,452)
Total comprehensive income attributable to the Australian Government	29,000	(154,575)	(161,122)	(141,952)	(123,452)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2012-13 \$'000
Operating result attributable to the Australian Government	29,000	(154,575)	(161,122)	(141,952)	(123,452)
plus non-appropriated expenses					
depreciation and amortisation expenses	-	154,575	161,122	141,952	123,452
Operating result attributable to the Centrelink	29,000	-	-	-	-

Prepared on Australian Accounting Standards basis

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	10,363	16,948	17,022	17,032	17,032
Trade and other receivables	456,813	459,482	476,538	486,909	465,017
Total financial assets	467,176	476,430	493,560	503,941	482,049
Non-financial assets					
Land and buildings	235,433	236,138	232,773	221,988	214,242
Property, plant and equipment	108,005	124,972	111,511	94,472	92,070
Intangibles	224,149	247,712	297,074	284,276	271,888
Other (Prepayment)	60,191	61,429	63,005	64,661	66,366
Total non-financial assets	627,778	670,251	704,363	665,397	644,566
Total assets	1,094,954	1,146,681	1,197,923	1,169,338	1,126,615
LIABILITIES					
Payables					
Suppliers	67,211	68,764	70,352	71,976	73,237
Other	154,879	163,188	170,047	173,745	181,330
Total payables	222,090	231,952	240,399	245,721	254,567
Provisions					
Employee provisions	515,490	527,153	539,861	552,335	565,057
Other	23,313	21,437	15,488	10,229	5,860
Total provisions	538,803	548,590	555,349	562,564	570,917
Total liabilities	760,893	780,542	795,748	808,285	825,484
Net assets	334,061	366,139	402,175	361,053	301,131
EQUITY					
Parent entity interest					
Contributed equity	289,984	476,637	673,795	774,623	838,153
Reserves	24,389	24,389	24,389	24,391	24,391
Retained surplus (accumulated deficit)	19,688	(134,887)	(296,009)	(437,961)	(561,413)
Total parent entity interest	334,061	366,139	402,175	361,053	301,131
Total equity	334,061	366,139	402,175	361,053	301,131

Prepared on Australian Accounting Standards basis

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010				
Balance carried forward from previous period	19,688	24,389	289,984	334,061
Adjusted opening balance	19,688	24,389	289,984	334,061
Deficit for the period	(154,575)	-	-	(154,575)
Total comprehensive income recognised directly in equity	(154,575)	-	-	(154,575)
Transactions with owners				
<i>Contributions by owners</i>				
Appropriation (equity injection)	-	-	41,791	41,791
Appropriation (departmental capital budget)	-	-	144,862	144,862
Sub-total transactions with owners	-	-	186,653	186,653
Estimated closing balance as at 30 June 2011	(134,887)	24,389	476,637	366,139

Prepared on Australian Accounting Standards basis

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	218,783	92,936	24,937	24,888	24,883
Appropriations	2,735,904	2,426,169	2,385,373	2,404,900	2,496,232
Net GST received	91,496	86,118	81,244	79,800	79,800
Total cash received	3,046,183	2,605,223	2,491,554	2,509,588	2,600,915
Cash used					
Employees	1,853,303	1,657,772	1,569,417	1,578,847	1,631,170
Suppliers	997,624	941,378	922,063	926,731	928,859
Total cash used	2,850,927	2,599,150	2,491,480	2,505,578	2,560,029
Net cash from operating activities	195,256	6,073	74	4,010	40,886
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	140,697	122,377	87,981	62,967	62,968
Purchase of intangibles	42,654	76,934	109,177	41,861	41,448
Total cash used	183,351	199,311	197,158	104,828	104,416
Net cash used by investing activities	(183,351)	(199,311)	(197,158)	(104,828)	(104,416)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	17,341	199,823	197,158	100,828	63,530
Total cash received	17,341	199,823	197,158	100,828	63,530
Cash used					
Other	33,487	-	-	-	-
Total cash used	33,487	-	-	-	-
Net cash from (used by) financing activities	(16,146)	199,823	197,158	100,828	63,530
Net increase (decrease) in cash held	(4,241)	6,585	74	10	-
Cash and cash equivalents at the beginning of the reporting period	14,604	10,363	16,948	17,022	17,032
Cash and cash equivalents at the end of the reporting period	10,363	16,948	17,022	17,032	17,032

Prepared on Australian Accounting Standards basis

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	144,862	190,000	100,413	63,530
Equity injections - Bill 2	17,341	54,961	7,158	415	-
Previous years' outputs - Bill 2	1,903	-	-	-	-
Total capital appropriations	19,244	199,823	197,158	100,828	63,530
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	17,341	186,653	197,158	100,828	63,530
Other Items	1,903	13,170	-	-	-
Total Items	19,244	199,823	197,158	100,828	63,530
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	17,341	41,791	7,158	415	-
Funded by capital appropriation - DCB	-	144,862	190,000	100,413	63,530
Funded internally from departmental resources ¹	166,010	12,658	-	4,000	40,886
TOTAL	183,351	199,311	197,158	104,828	104,416
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	183,351	199,311	197,158	104,828	104,416
Total cash used to acquire assets	183,351	199,311	197,158	104,828	104,416

Prepared on Australian Accounting Standards basis

¹ Includes the following sources of funding:

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

Table 3.2.6: Statement of Asset Movements (2010-11)

	Land	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010					
Gross book value	3,875	378,176	251,545	527,010	1,160,606
Accumulated depreciation/amortisation and impairment	-	(146,618)	(143,540)	(302,861)	(593,019)
Opening net book balance	3,875	231,558	108,005	224,149	567,587
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity	-	-	5,323	36,468	41,791
By purchase - appropriation ordinary annual services	-	49,790	54,606	40,466	144,862
By purchase - internally funded from departmental sources	-	4,903	7,755	-	12,658
Total additions	-	54,693	67,684	76,934	199,311
Other movements					
Depreciation/amortisation expense	-	(53,787)	(50,417)	(50,371)	(154,575)
Other	-	(200)	(300)	(3,000)	(3,500)
As at 30 June 2011					
Gross book value	3,875	432,669	318,929	600,944	1,356,417
Accumulated depreciation/amortisation and impairment	-	(200,405)	(193,957)	(353,232)	(747,594)
Closing net book balance	3,875	232,264	124,972	247,712	608,823

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Departmental

1. Basis of Preparation of the Budgeted Financial Report

The Budgeted Financial Statements have been prepared in accordance with:

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

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

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

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

The presentation of the Comprehensive Income Statement has been amended to include the "Reconciliation of operating result attributable to the agency" note, whereby Centrelink net operating result is adjusted by the total depreciation and amortisation expenses (non-appropriated expenses). This change is the result of the net cash arrangement that has been implemented as part of the Operation Sunlight reform agenda.

Medicare Australia

Agency resources and planned performance

MEDICARE AUSTRALIA

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MEDICARE AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

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

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

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

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

In 2010-11 Medicare Australia will establish a Superannuation Clearing House, designed to reduce the red tape and compliance costs that small businesses experience in meeting their superannuation obligations.

Medicare Australia will also receive new funding for implementation of Budget measures in 2010-11 including Health and Hospital Reform and the Fifth Community Pharmacy Agreement.

Medicare Australia works to ensure the public and health care providers receive the correct benefits from the programs it delivers. Medicare Australia supports members

of the community to meet their obligations when making claims for benefits or payments through the provision of high quality education and information services. Where non-compliance is identified, Medicare Australia takes compliance action commensurate with the level and nature of the non-compliance.

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

Medicare Australia will seek to ensure that full advantage is taken of the public investment made in its infrastructure by working with other government agencies in identifying opportunities to leverage the existing capability for a broader range of government programs and to improve service delivery by the Australian Government.

Service delivery reform is the Government's strategy to give Australians better access to social, health and welfare services. The Human Services portfolio is transforming to enhance flexibility and effectiveness in delivering easy, high quality services that work for all Australians.

As part of the reform, the Government will continue to better coordinate, tailor and target its services to people, based on their needs and circumstances, through avenues most accessible and suited to them.

Medicare Australia is committed to working collaboratively across the Human Services portfolio, to build partnerships for the delivery of quality outcomes, for government and the Australian Community.

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: Medicare Australia Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total Estimate 2010-11 \$'000	Actual Available Appropriation 2009-10 \$'000
Ordinary Annual Services¹				
Departmental				
Prior year departmental appropriation ²	99,792	-	99,792	140,023
Departmental appropriation ³	-	656,255	656,255	651,587
s31 Relevant agency receipts ⁴	-	66,697	66,697	112,773
Total	99,792	722,952	822,744	904,383
Administered expenses				
Outcome 1	-	-	-	4,381
Total	-	-	-	4,381
Total ordinary annual services	A 99,792	722,952	822,744	908,764
Other services⁵				
Departmental non-operating				
Equity injections	32,972	15,623	48,595	54,487
Previous years' outputs	-	-	-	6,550
Total	32,972	15,623	48,595	61,037
Total other services	B 32,972	15,623	48,595	61,037
Total Available Annual Appropriations	132,764	738,575	871,339	969,801
Total Appropriations excluding Special Accounts	132,764	738,575	871,339	969,801
Special Accounts				
Opening balance ⁶	50,867	-	50,867	48,735
Non-Appropriation receipts to Special Accounts	-	234,690	234,690	231,222
Total Special Account	D 50,867	234,690	285,557	279,957
Total resourcing	183,631	973,265	1,156,896	1,249,758
A+B+D				
Total net resourcing for Medicare Australia	183,631	973,265	1,156,896	1,249,758

¹ Appropriation Bill (No.1) 2010-11.

² Estimated adjusted balance carried from previous year for annual appropriations.

³ Includes an amount of \$36.687m in 2010-11 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ s31 Relevant Agency receipts – estimate.

⁵ Appropriation Bill (No.2) 2010-11.

⁶ Estimated opening balance for Special Accounts (less 'Special Public Money' held in accounts like Other Trust Monies (OTM) and Services for other Government and Non-agency Bodies (SOG) accounts). For further information on Special Accounts see Table 3.1.2.

Reader note: All figures are GST exclusive.

Table 1.1: Medicare Australia Resource Statement — Budget Estimates for 2010-11 as at Budget May 2010 (continued)**Third party payments from and on behalf of other agencies**

	2010-11 \$'000	2009-10 \$'000
Payments made on behalf of other agencies:		
(disclosed in the respective agency Resource Statement)		
Department of Veterans' Affairs		
<i>Veterans' Entitlements Act 1986 & Related Acts</i>	3,527,783	3,460,687
<i>Military Rehabilitation and Compensation Act 2004</i>	3,020	2,082
Department of Health and Ageing		
<i>Health Insurance Act 1973 - Medical Benefits</i>	16,239,979	15,326,862
<i>National Health Act 1953 - Pharmaceutical Benefits</i>	7,190,859	8,266,237
<i>National Health Act 1953 - Aids and Appliances</i>	86,166	72,229
<i>Private Health Insurance Act 2007</i>	4,426,001	4,189,355
<i>Medical Indemnity Agreement (Financial Assistance Binding Commonwealth Obligations) Act 2002</i>	115,409	53,182
<i>Aged Care Act 1997</i>	7,431,202	6,920,368
<i>Dental Benefits Act 2008</i>	66,196	66,196
<i>Financial Management and Accountability Act 1987 - Australian Childhood Immunisation Register Special Account</i>	9,517	9,005
Department Of The Environment, Water, Heritage And The Arts		
<i>Appropriation Act (No. 1) 2009-2010 (Outcome 2)</i>	-	1,324,000
<i>Water Entitlements and Home Insulation Act 2009-2010 (Outcome 2)</i>		98,536
Department of Climate Change and Energy Efficiency		
<i>Water Entitlements and Home Insulation Act 2009-2010 (Outcome 2)</i>	384,220	582,685
Total Third party payments	39,480,351	40,371,425
Receipts received from other agencies for the provision of services:		
(disclosed above within departmental s31)		
Centrelink	7,587	8,128
Department of Defence	609	1,807
Department of Education, Employment and Workplace Relations	153	148
Department of the Environment, Water, Heritage and the Arts	-	9,883
Department of Families, Housing, Community Services and Indigenous Affairs	9,222	9,220
Department of Health and Ageing	21,929	27,320
Department of Human Services	-	391
Department of Immigration and Citizenship	-	46
Department of Veterans' Affairs	15,613	15,649
Other external entities	11,584	40,181
Total s31 Relevant agency receipts	66,697	112,773

1.3 BUDGET MEASURES

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

Table 1.2: Agency 2010-11 Budget measures

Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense Measures ¹					
Departmental					
Department of Health and Ageing					
Addressing domestic violence - continuing training for health workers in regional and rural areas					
1.1	-	-	-	-	-
Fifth Community Pharmacy Agreement					
1.2	448	10,657	9,384	4,940	4,575
Medicare Benefits Schedule					
- restructure of items to provide better primary care services					
1.1, 1.2	(114)	(2,021)	(2,089)	(2,172)	(2,251)
- new and revised listings					
1.1	(1)	(3)	(3)	(3)	(4)
- revision of access for specialist consultation items					
1.1	-	303	221	239	261
National Health and Hospitals Network					
- Aged care - improving access to General Practice and primary health care					
1.1	224	487	183	139	50
- General practice and primary care - coordinated diabetes care					
1.1	-	1,308	2,051	3,257	3,573
- General practice and primary care - improved access to after hours primary care					
1.1	-	592	40	388	-
- Mental health - flexible care packages for patients with severe mental illnesses					
1.1	56	57	(36)	(122)	(136)
- Workforce - more General Practice training rotations for junior doctors					
1.1, 1.2	-	132	171	222	224
- Workforce - more places on the General Practice Training Program					
1.1, 1.2	-	-	246	1,033	2,149
- Workforce - support for practice nurses					
1.1	-	2,139	542	715	474
Pharmaceutical Benefits Scheme - minor new listings					
1.2	82	154	240	307	368

Table 1.2: Agency 2010-11 Budget measures (Continued)

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Department of Health and Ageing (Continued)						
Practice Incentives Program - changes to incentive payments for cervical cancer screening	1.1	-	283	9	-	-
Private health insurance - supporting lifetime health cover	1.1	-	217	219	220	222
Revised arrangements for efficient funding of chemotherapy drugs	1.2	61	1,883	1,727	780	501
Department of Human Services						
Medicare Australia - continuation of funding for Medicare Australia Access Points	1.3	-	-	-	-	-
Department of Immigration and Citizenship						
Migration Program – allocation of places for 2010-11		*	*	*	*	*
Total expense measures						
Administered		-	-	-	-	-
Departmental		756	16,188	12,905	9,943	10,006
Total		756	16,188	12,905	9,943	10,006
Capital measures						
Departmental capital						
Department of Health and Ageing						
Fifth Community Pharmacy Agreement	1.2	-	4,632	3,426	-	-
National Health and Hospitals Network						
- Workforce - support for practice nurses	1.1	-	1,383	-	-	-
- General practice and primary care - coordinated diabetes care	1.1	-	-	1,319	-	-
- Aged care - improving access to General Practice and primary health care	1.1	-	254	88	-	-
Revised arrangements for efficient funding of chemotherapy drugs	1.2	-	1,707	1,090	-	-
Practice Incentives Program - changes to incentive payments for cervical cancer screening	1.1	-	92	-	-	-
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	8,068	5,923	-	-
Total		-	8,068	5,923	-	-

Prepared on a Government Financial Statistics (fiscal) basis

1. The lead agency for each measure is indicated in the tables above. The full measure description and package details appear in Budget Paper No. 2 under the relevant portfolio.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

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

Outcome 1 Strategy

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

Strategic priorities shared with other portfolio agencies include:

- continuing to progress and implement the service delivery reform agenda; and
- continuing to provide high quality services to the Australian community.

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

- optimising take-up of electronic payment and information services to improve convenience for providers and the public, in particular at the point of service;
- working with other portfolio agencies by leveraging capability within the portfolio to deliver new business on behalf of government; and
- ensuring that processing of payments and information is undertaken efficiently and effectively in accordance with its service charter.

Outcome Expense and Resource Statement

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

Table 2.1: Budgeted Expenses and Resources for Outcome 1

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

	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
Outcome 1: Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery		
Program 1.1: Delivery of Medical Benefits and Services		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	489,395	460,478
Departmental supplementation ¹	1,227	-
Revenues from independent sources (section 31)	28,175	24,757
Expenses not requiring Appropriation in the Budget year	-	37,123
Total for Program 1.1	518,797	522,358
Program 1.2: Delivery of Pharmaceutical Benefits and Services		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	155,405	149,801
Departmental supplementation ¹	566	-
Revenues from independent sources (section 31)	3,250	2,065
Expenses not requiring Appropriation in the Budget year	-	10,917
Total for Program 1.2	159,221	162,783
Program 1.3: Delivery of Other Benefits and Services		
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	5,447	7,365
Revenues from independent sources (section 31)	80,076	33,058
Expenses not requiring Appropriation in the Budget year	887	1,947
Total for Program 1.3	86,410	42,370
Program 1.4: Medicare Rebates - Electronic Claiming		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	4,381	-
Total for Program 1.4	4,381	-
Outcome 1 totals by appropriation type:		
Administered expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	4,381	-
Departmental expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	650,247	617,644
Departmental supplementation ¹	1,793	-
Revenues from independent sources (section 31)	111,501	59,880
Expenses not requiring Appropriation in the Budget year	887	49,987
Total expenses for Outcome 1	768,809	727,511
Average staffing level (number)	5,251	5,161

¹ Some expenses being incurred in 2009-10 are being covered by drawing down currently available appropriations that will be replenished in 2010-11 from departmental supplementation funding under Appropriation Bill No. 1 (2010-11).

Contributions to Outcome 1

Program 1.1: Delivery of Medical Benefits and Services

Program objective

- Medicare Australia pays rebates for the Medicare program and delivers a range of health related payments and information services including the:
 - Australian Organ Donor Register;
 - Private Health Insurance Rebate;
 - Medicare Teen Dental Plan;
 - Veterans' Treatment Accounts; and
 - Australian Childhood Immunisation Register.

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

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

Linked to:

- **Department of Health and Ageing:**
 - Program 1.1 Chronic Disease - Early Detection and Prevention
 - Program 1.5 Immunisation
 - Program 3.1 Medicare Services
 - Program 3.6 Targeted Assistance
 - Program 5.2 Primary Care Financing, Quality and Access
 - Program 5.3 Primary Care Policy, Innovation and Research
 - Program 5.4 Primary Care Practice Incentives
 - Program 6.1 Rural Health Services
 - Program 7.1 Hearing Services
 - Program 9.1 Private Health Insurance
 - Program 11.1 Mental Health
 - Program 12.1 Rural Workforce
 - Program 12.2 Workforce
 - Program 13.2 Medical Indemnity

Linked To (Continued):

- **Department of Defence:**
Program 1.9: Vice Chief of the Defence Force
- **Australian Organ and Tissue Donation and Transplantation Authority:**
Program 1.1 Co-ordination of Organ and Tissue Donation and Transplantation
- **Australia Taxation Office:**
Program 1.11 Private Health Insurance Rebate
- **Department of Veterans' Affairs:**
Program 2.1 General Medical Consultations and Services
Program 2.2 Veterans' Hospitals
Program 2.4 Veterans' Community Care and Support
Program 2.5 Veterans' Counselling and Other Health Services
Program 2.6 Rehabilitation Compensation Acts - Health and Other Care Services
- **Professional Services Review:**
Program 1.1 Safeguarding the integrity of the Medicare program and
Pharmaceutical Benefits Scheme

Program expenses

Movement in program expenses across the forward years is due to changes in benefits and services volumes.

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
(‘000)					
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	489,395	460,478	471,300	479,889	503,460
Departmental supplementation ¹	1,227	-	-	-	-
	28,175	24,757	16,501	14,532	13,693
Revenues from independent sources (s31)					
Expenses not requiring appropriation in the Budget year		37,123	37,764	39,542	39,324
Total Departmental Expenses	518,797	522,358	525,565	533,963	556,477

¹ Some expenses being incurred in 2009-10 are being covered by drawing down currently available appropriations that will be replenished in 2010-11 from departmental supplementation funding under Appropriation Bill No. 1 (2010-11).

Program 1.1 Deliverables

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

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Deliverables					
Medicare - volume of service payments (million)	371.5	386.5	404.8	422.9	445.1
Medicare - accuracy of processing %	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Medicare - prompt processing %	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%

Program 1.1 Key Performance Indicators

The following indicators have been selected to demonstrate progress against the strategies for Outcome 1:

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Minister is satisfied with the timeliness and relevance of advice.	95%	95%	95%	95%	95%
Ministerial replies to correspondence are submitted within agreed timeframes.	95%	95%	95%	95%	95%
The proportion of Medicare Bulk Bill claims processed electronically.	≥ 88%	≥ 90%	≥ 95%	≥ 95%	≥ 95%
The proportion of Medicare Patient Claims processed electronically.	≥ 15%	≥ 25%	≥ 30%	≥ 30%	≥ 30%
Average appropriated expense per billable service. ¹	\$1.32	\$1.19	\$1.16	\$1.13	\$1.13
Community satisfaction.	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
Practice manager satisfaction.	≥ 85%	≥ 85%	≥ 85%	≥ 85%	≥ 85%
Practitioner satisfaction.	≥ 70%	≥ 70%	≥ 70%	≥ 70%	≥ 70%
The portfolio will work together to deliver a Bill for introduction to Parliament (in the Autumn sitting 2011) for the portfolio to be established as one Department of State. ²		100.00%			
By the end of 2010 the portfolio will have another 20 co-located offices around Australia. ²		100.00%			
By the end of 2010 the portfolio will have a single phone number and a single website. ²		100.00%			

¹ The "Average appropriated expense per billable service" reflects the appropriated cost of all billable services provided under program 1.1.

² Responsibility for achieving these Key Performance Indicators is shared jointly across portfolio agencies.

Program 1.2: Delivery of Pharmaceutical Benefits and Services

Program objective

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

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

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

Linked to:

- **Department of Health and Ageing:**
Program 2.1 Community Pharmacy and Pharmacy Awareness
Program 2.2 Pharmaceuticals and Pharmaceutical Services
- **Department of Veterans' Affairs:**
Program 2.3 Veterans' Pharmaceuticals Benefits
- **Professional Services Review:**
Program 1.1: Safeguarding the integrity of the Medicare program and Pharmaceutical Benefits Scheme

Program expenses					
	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
(’000)					
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	155,405	149,801	151,115	147,863	152,671
Budget supplementation ¹	566	-	-	-	-
Revenues from independent sources (s31)	3,250	2,065	678	688	164
Expenses not requiring appropriation in the Budget year	-	10,917	10,857	11,169	11,122
Total Departmental Expenses	159,221	162,783	162,650	159,720	163,957

¹ Some expenses being incurred in 2009-10 are being covered by drawing down currently available appropriations that will be replenished in 2010-11 from departmental supplementation funding under Appropriation Bill No. 1 (2010-11).

Program 1.2 Deliverables					
Medicare Australia will pay benefits to pharmacists and other eligible customers which are accurate, appropriate and timely through convenient and efficient service delivery. The volume of service payments is anticipated to increase over the forward estimates period.					
Deliverables	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Volume of services – prescriptions (million)	201.7	215.1	224.5	233.7	243.9
Volume of services – prescription authorities (million)	9.7	10.5	11.3	12.0	12.8
Total Volumes (millions)	211.4	225.6	235.7	245.8	256.8
Accuracy of processing %	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Prompt payment processing %	100%	100%	100%	100%	100%

Program 1.2 Key Performance Indicators

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

Key Performance Indicators	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
% online prescription processing	≥ 98%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Average appropriated expense per billable service ¹	\$0.74	\$0.66	\$0.64	\$0.60	\$0.59
Pharmacist satisfaction	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%

¹ The "Average appropriated expense per billable service" Key Performance Indicator reflects the appropriation funded cost for all billable services provided under program 1.2.

Program 1.3: Delivery of Other Benefits and Services

Program objective

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

- Aged Care payments;
- Payment and information services for Family Assistance;
- Child Care Tax Rebate;
- Liquefied Petroleum Gas Scheme rebates;
- Citizenship testing;
- Western Australia Visiting Medical Officer scheme;
- Home Insulation program;
- Healthcare Identifier; and
- Superannuation Clearing House.

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

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

- **Linked to:**
- **Department of Health and Ageing:**
 - Program 4.4 Community Care
 - Program 4.7 Flexible Aged Care
 - Program 4.8 Residential Care
 - Program 10.2 e-Health Implementation

- **Linked to (Continued):**
- **Department of Families, Housing, Community Services and Indigenous Affairs:**
 - Program 1.2 Family Tax Benefit (FTB)
 - Program 1.3 Parental Payments and Care Incentives
- **Australia Taxation Office:**
 - Program 1.4 Compliance assurance and support for transfers and regulation of superannuation funds
- **Department of Innovation, Industry, Science and Research:**
 - Program 1.1 Industry Development and Investment
- **Department of Immigration And Citizenship:**
 - Program 6.1 Multicultural and Citizenship Services
- **Department of Climate Change and Energy Efficiency:**
 - Program 1.2 Improving Australia's Energy Efficiency

Program expenses

('000)	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Annual Departmental Expenses:					
Ordinary Annual Services (Appropriation Bill No. 1)	5,447	7,365	8,120	2,049	1,364
Departmental supplementation ¹	-				
Revenues from independent sources (s31)	80,076	33,058	32,824	32,203	32,042
Program Support					
Expenses not requiring appropriation in the Budget year	887	1,947	2,451	628	572
Total Departmental Expenses	86,410	42,370	43,395	34,880	33,978

¹ Some expenses being incurred in 2009-10 are being covered by drawing down currently available appropriations that will be replenished in 2010-11 from departmental supplementation funding under Appropriation Bill No. 1 (2010-11).

Program 1.3 Deliverables

Medicare Australia makes payments, delivers and/or completes transactions on behalf of government.

Medicare Australia is developing the Healthcare Identifier service under contract to the National E-Health Transition Authority. Subject to legislation being passed, full implementation is due in July 2010. An operational contract is to be agreed between Medicare Australia and NeHTA for the ongoing delivery of the Healthcare Identifier service. The initial contract will be for a period of two years.

Medicare Australia is also developing the Small Business Superannuation Clearing House on behalf of Treasury. Funding totalling \$16.1 million over four years has been transferred from the Australian Taxation Office to Medicare Australia. Subject to legislation being passed, full implementation is due in July 2010.

Program 1.3 Key Performance Indicators

In line with the objective of this program, Medicare Australia will continue to increase the convenience and ease of access to services within these programs through improving electronic take-up. In addition, Medicare Australia will continue to implement process improvements within its operations to increase the efficiency of program delivery. A service level agreement for the provision of Healthcare Identifier services, inclusive of key performance indicators, is currently being negotiated with NEHTA within the operational contract.

Key Performance Indicators ¹	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Residential Entry Record (RER) Admissions Form	≥ 49%	≥ 63%	-	-	-
Residential Classification (Aged Care Funding Instrument)	≥ 80%	≥ 82%	-	-	-
Residential Care Claim	≥ 49%	≥ 63%	-	-	-
Community Care Claim	≥ 8%	≥ 15%	-	-	-
Aged Care Client Record (ACCR) Aged Care Assessment Teams online	≥ 70%	≥ 78%	-	-	-

¹ A single average Aged Care Key Performance Indicator was published in the 2009-10 Portfolio Budget Statements. This has now been expanded to show the percentage of each type of transaction processed electronically using Aged Care Online Claiming. Key Performance Indicators for 2011-12 and 2012-13 have been removed as the service agreement with Department of Health and Ageing expires at 30 June 2011.

Program 1.4: Medicare Rebates – Electronic Claiming

Program objective

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

Linked to:

- **Department of Health and Ageing:**
Program 3.1 Medicare Services

Program expenses

The Medicare Rebates – Electronic Claiming program ceased on 31 December 2009.

Special Account expenses relate to Medicare and Aged Care compensation recoveries. Funds held in Special Accounts are not available for use by Medicare Australia for departmental or administrative purposes. Refer to Table 3.1.2 for further details.

From 2011-12 the Recovery of Compensation for Health Care and Other Services Special Account will be transferred to Program 1.1 Delivery of Medical Benefits and Services.

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
('000)					
Annual Administered Expenses:					
Administered Item	4,381	-	-	-	-
Total Program Expenses	4,381	-	-	-	-

Program 1.4 Deliverables

- Until 31 December 2009, software vendors were eligible to receive a roll out payment for any general practice or specialist site that started using Medicare Online claiming after 1 September 2007.

	2009-10 Revised budget	2010-11 Budget	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Deliverables					
Number of sites for which software incentives are paid	1,677	-	-	-	-

Program 1.4 Key Performance Indicators

	2009-10 Revised budget	2010-11 Budget Target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Key Performance Indicators					
Prompt payment of software vendor incentive	≥ 90%	-	-	-	-

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010 11 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, Special Accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

There are no movements of administered funds between years for Medicare Australia.

3.1.2 Special Accounts

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

Table 3.1.2: Estimates of Special Account Flows and Balances

		Opening balance 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Recovery of Compensation for Health Care & Other Services Special Account. ¹ (A)	1	50,867	234,690	232,405	-	53,152
		48,616	231,222	228,971	-	50,867
Services for Other Entities and Trust Moneys. ² (D)	1	119	1,470	1,470	-	119
		119	1,470	1,470	-	119
Total special accounts						
2010-11 Budget estimate		50,986	236,160	233,875	-	53,271
Total Special Accounts						
2009-10 estimated actual		48,735	232,692	230,441	-	50,986

(A) = Administered

(D) = Departmental

1. Legal Authority: FMA Act 1997 s20

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

Funds are held pending a determination of the amount recoverable in respect of Medicare Benefits and Nursing Home or Residential Care Subsidies paid. The amount recovered is returned to the Official Public Account via the Department of Health and Ageing. Funds held in Special Accounts are not available for use by Medicare Australia for departmental or administrative purposes.

2. Legal Authority: FMA Act 1997 s20.

Purpose: for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. Funds held in Special Accounts are not available for use by Medicare Australia for departmental purposes.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other	Total	Program
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Medicare Australia							
Outcome 1							
Access to Government health and other payment and information services to the Australian public and providers through convenient and efficient service delivery							
Departmental 2010-11	7,248	-	-	7,248	-	7,248	1.1
Departmental 2009-10	8,059	1,024	-	9,083	-	9,083	1.1
Total outcome 2010-11	7,248	-	-	7,248	-	7,248	
Total outcome 2009-10	8,059	1,024	-	9,083	-	9,083	
Total departmental 2010-11	7,248	-	-	7,248	-	7,248	
Total departmental 2009-10	8,059	1,024	-	9,083	-	9,083	
Total AGIE 2010-11	7,248	-	-	7,248	-	7,248	
Total AGIE 2009-10	8,059	1,024	-	9,083	-	9,083	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Agency resourcing as presented in the Budget Papers and Table 1.1 of the Portfolio Budget Statements may vary from the budgeted financial statements due to differences between entity level reporting requirements under Australian Accounting Standards (AAS) and whole of government reporting requirements based on Government Finance Statistics (GFS).

These differences mainly comprise:

- Resources received free of charge (AAS);
- Special Accounts and trust moneys (GFS); and
- Budget supplementation to be received in 2010-11 for expenses incurred in 2009-10 (AAS).

3.2.2 Analysis of budgeted financial statements

Impact of Net Cash Appropriations

Under the net cash appropriation arrangements introduced under Operation Sunlight, from 2010-11, agencies will no longer receive appropriation funding for depreciation expenses. This unfunded expense gives rise to an operating deficit attributable to the Australian Government of \$ 48.1 million in 2010-11.

Instead, agencies will receive a Departmental Capital Budget to fund asset replacement needs as detailed in Table 3.2.5. This results in a net reduction of \$ 24.3 million in funding for asset replacement over four years.

	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000
Depreciation Funding removed	46,784	47,061	46,952	46,665
Departmental Capital Budget (DCB)	36,687	53,787	38,010	34,663
Net Reduction	(10,097)	6,726	(8,942)	(12,002)

In addition, in 2009-10 Medicare Australia returned \$27.0 million to government in respect of unspent depreciation funding from prior years. Funding for asset replacement from 2010-11 will be based on Medicare Australia's asset replacement plans, as agreed annually with the Department of Finance and Deregulation.

Budgeted Departmental Comprehensive Income Statement

Appropriation revenue for the 2010-11 Budget year is \$619.1 million, a decrease of \$32.9 million from the 2009-10 estimated actual of \$652.0 million. This is mainly due to the removal of depreciation funding of \$46.8 million offset by new measures totalling \$16.2 million.

Revenue from sale of goods and rendering of services is expected to decrease by \$51.4 million to \$59.4 million. This decrease reflects completion of contracted services such as development of the Health Identifier service. It is expected that the budgeted revenue will increase over the course of the year as Medicare Australia is contracted to undertake additional services.

Funding for employee expenses will decrease in accordance with reduced activity and revenue.

Budgeted Departmental Balance Sheet

Medicare Australia's budgeted net asset position of \$145.3 million represents an increase of \$4.2 million from the 2009-10 estimated actual. This comprises the operating deficit of \$48.1 million attributable to the Australian Government, offset by equity injections of \$15.6 million and Departmental Capital Budget funding of \$36.7 million.

Total assets are expected to decrease slightly in 2010-11.

Medicare Australia's primary liability continues to be accrued employee entitlements of \$110.1 million.

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
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	396,858	355,230	362,395	362,380	375,446
Supplier	321,767	320,877	317,399	314,910	328,565
Depreciation and amortisation	45,803	51,404	51,816	51,273	50,401
Total expenses	764,428	727,511	731,610	728,563	754,412
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	110,752	59,398	49,518	47,100	45,899
Interest	350	-	-	-	-
Other revenue	749	482	485	323	-
Total revenue	111,851	59,880	50,003	47,423	45,899
Gains					
Other gains	537	420	420	420	420
Total gains	537	420	420	420	420
Total own-source income	112,388	60,300	50,423	47,843	46,319
Net cost of (contribution by) services	652,040	667,211	681,187	680,720	708,093
Revenue from Government	652,040	619,115	632,303	633,768	661,428
Surplus (Deficit)	-	(48,096)	(48,884)	(46,952)	(46,665)
Surplus (Deficit) attributable to the Australian Government	-	(48,096)	(48,884)	(46,952)	(46,665)

Note: Reconciliation of operating result attributable to the agency

	2009-10	2010-11	2011-12	2012-13	2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating result attributable to the Australian Government		(48,096)	(48,884)	(46,952)	(46,665)
plus non-appropriated items depreciation, amortisation and make good expenses		51,404	51,816	51,273	50,401
Operating result attributable to the agency		3,308	2,932	4,321	3,736

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
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and equivalents	6,718	8,964	8,964	8,964	8,964
Trade and other Receivables	150,768	141,700	140,394	135,882	134,940
Other	20,198	20,198	20,198	20,198	20,198
Total financial assets	177,684	170,862	169,556	165,044	164,102
Non-financial assets					
Land and buildings	67,567	67,241	70,333	67,911	66,335
Infrastructure, plant and equipment	1,771	1,688	1,903	1,877	1,372
Hertiage & Cultural Assets					
Investment properties					
Inventories					
Intangibles	82,145	88,742	100,676	95,248	87,075
Other	9,686	9,686	9,686	9,686	9,686
Total non-financial assets	161,169	167,357	182,598	174,722	164,468
Assets held for sale					
Total assets	338,853	338,219	352,154	339,766	328,570
LIABILITIES					
Payables					
Suppliers	46,028	40,900	41,126	40,156	38,251
Other	28,021	28,021	28,021	28,021	28,021
Total payables	74,049	68,921	69,147	68,177	66,272
Provisions					
Employees	109,868	110,148	112,781	110,305	113,016
Other	13,821	13,821	13,821	13,821	13,821
Total provisions	123,689	123,969	126,602	124,126	126,837
Total liabilities	197,738	192,890	195,749	192,303	193,109
Net assets	141,115	145,329	156,405	147,463	135,461
EQUITY*					
Parent entity interest					
Contributed equity	162,236	214,546	274,506	312,516	347,179
Reserves	24	24	24	24	24
Retained surplus (accumulated deficit)	(21,145)	(69,241)	(118,125)	(165,077)	(211,742)
Total parent entity interest	141,115	145,329	156,405	147,463	135,461
Total equity	141,115	145,329	156,405	147,463	135,461

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

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	(21,145)	24	-	162,236	141,115
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(21,145)	24	-	162,236	141,115
Income and expense					
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	(48,096)	-	-	-	(48,096)
Total comprehensive income recognised directly in equity	(48,096)	-	-	-	(48,096)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)				15,623	15,623
Appropriation (departmental capital budget)				36,687	36,687
Other					
Sub-total transactions with owners	-	-	-	52,310	52,310
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2011	(69,241)	24	-	214,546	145,329

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
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	111,674	66,215	51,894	47,183	46,534
Appropriations	682,616	621,366	631,233	638,197	661,735
Interest	350	-	-	-	-
Other	749	482	485	323	-
Total cash received	832,652	724,564	720,752	724,450	746,266
Cash used					
Employees	396,231	354,950	359,762	364,856	372,735
Suppliers	317,321	325,585	316,753	315,460	330,050
Total cash used	750,815	717,036	713,655	719,063	740,782
Net cash from or (used by) operating activities	81,837	7,528	7,097	5,387	5,484
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	88,938	57,592	67,057	43,397	40,147
Total cash used	88,938	57,592	67,057	43,397	40,147
Net cash from or (used by) investing activities	(88,938)	(57,592)	(67,057)	(43,397)	(40,147)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	7,946	52,310	59,960	38,010	34,663
Total cash received	7,946	52,310	59,960	38,010	34,663
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	7,946	52,310	59,960	38,010	34,663
Net increase or (decrease) in cash held	845	2,246	-	-	-
Cash at the beginning of the reporting period	5,873	6,718	8,964	8,964	8,964
Cash at the end of the reporting period	6,718	8,964	8,964	8,964	8,964

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital Budget - Bill 1 (DCB)	-	36,687	53,787	38,010	34,663
Equity Injections - Bill 2	34,962	15,623	6,173	-	-
Previous Years' Outputs - Bill 2	6,550	-	-	-	-
Total capital appropriations	41,512	52,310	59,960	38,010	34,663
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	34,962	52,310	59,960	38,010	34,663
Other Items	6,550	-	-	-	-
Total Items	41,512	52,310	59,960	38,010	34,663
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	34,962	15,623	6,173	-	-
Funded by current year DCB ¹	-	36,687	53,787	38,010	34,663
Funded internally from departmental resources ²	53,976	5,282	7,097	5,387	5,484
TOTAL	88,938	57,592	67,057	43,397	40,147
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	88,938	57,592	67,057	43,397	40,147
Total cash used to acquire assets	88,938	57,592	67,057	43,397	40,147

Prepared on Australian Accounting Standards basis.

¹ Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets.

² Includes the following sources of funding where applicable:

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

Table 3.2.6: Statement of Asset Movements (2010-11)

	Buildings \$'000	Other property, plant and equipment \$'000	Heritage & cultural assets \$'000	Intangibles \$'000	Total \$'000
as at 1 July 2010					
Gross book value	132,641	4,468	93	190,424	327,626
Accumulated depreciation/amortisation	(65,074)	(2,790)	-	(108,279)	(176,143)
Opening net book balance	67,567	1,678	93	82,145	151,483
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity	-	-	-	15,623	15,623
By purchase - appropriation ordinary annual services	16,898	106	-	19,683	36,687
By purchase - other	2,673	17	-	2,592	5,282
Total additions	19,571	123	-	37,898	57,592
Other Movements					
Depreciation/amortisation expense	(19,897)	(206)	-	(31,301)	(51,404)
as at 30 June 2011					
Gross book value	152,212	4,591	93	228,322	385,218
Accumulated depreciation/amortisation and impairment	(84,971)	(2,996)	-	(139,580)	(227,547)
Closing net book balance	67,241	1,595	93	88,742	157,671

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
	2009-10	2010-11	2011-12	2012-13	2013-14
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
<i>Total taxation</i>	-	-	-	-	-
Non-taxation					
<i>Total non-taxation</i>	-	-	-	-	-
Total revenues administered on behalf of Government	-	-	-	-	-
Gains					
Total gains administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	-	-	-	-	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	4,381	-	-	-	-
Total expenses administered on behalf of Government	4,381	-	-	-	-

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)

Medicare Australia does not have any assets or liabilities administered on behalf of government.

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
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Subsidies paid	4,786	-	-	-	-
Total cash used	4,786	-	-	-	-
Net cash from or (used by) operating activities	(4,786)	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(4,786)	-	-	-	-
Cash at beginning of reporting period					
Cash from Official Public Account for:					
- appropriations	4,786	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

Table 3.2.10: Schedule of Administered Capital Budget

Medicare Australia does not have a Capital Budget for Administered items.

3.2.4 Notes to the financial statements

The financial statements reflect the budget entries made in the Central Budget Management System as at May 2010.

Basis of accounting

Medicare Australia's budget statements have been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards and other Finance guidelines.

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

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

PORTFOLIO GLOSSARY

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

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

Glossary

(CRF)	drawn to pay for the activities of the Government. Section 81 of the Australian Constitution provides that all revenue raised or monies received by the Executive Government forms one consolidated revenue fund from which appropriations are made for the purposes of the Australian Government.
Departmental Item	Resources (assets, liabilities, revenues and expenses) that agency Chief Executive Officers control directly. This includes outsourced activities funded and controlled by the agency. Examples of departmental items include agency running costs, accrued employee entitlements and net appropriations. A departmental item is an component of a departmental program.
Estimated Actual Expenses	Details of the current year's estimated final figures as included in the Budget documentation. As the Budget is released in May each year, but the financial year does not close off until 30 June, the current year numbers that are used for comparison with Budget amounts can only be estimates.
Expenses not requiring appropriation in the Budget year	Expenses not involving a cash flow impact are not included within the calculation of an appropriation. An example of such an event is goods or services received free of charge that are then expensed: e.g. ANAO audit services – the ANAO does not charge for audit services however the expense must be recognised. Similarly, bad debts are recognised as an expense but are not recognised for the purpose of calculating appropriation amounts to be sought from Parliament.
FMA Act	<i>Financial Management and Accountability Act 1997.</i>
Forward Estimates Period	The three years following the budget year. For example if 2009-10 is the budget year, 2010-11 is forward year 1, 2011-12 is forward year 2 and 2012-13 is forward year 3. This period does not include the current or budget year.
General Government Sector (GGS)	A Government Finance Statistics' classification of all entities that are controlled and largely funded by the Commonwealth Government. The GGS provides public services that are mainly non-market

in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding. This sector comprises all government departments, offices and some other bodies.

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

Glossary

Output	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs include goods and services produced for other areas of government external to the agency.
Portfolio Budget Statements (PB Statements)	Budget related paper detailing budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
Program	Activity that delivers benefits, services or transfer payments to individuals, industry and/or the community as a whole, with the aim of achieving the intended result specified in an outcome statement.
Program Support	The agency running costs allocated to a program. This is funded as part of the agency's departmental appropriations.
s31	Section 31 of the FMA Act.
Target Group	A specific group being targeted for assistance by government policy.
Transfer	Cash paid to recipients of the applicable program. This includes welfare payments and tax rebates.