

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

**ENTITY RESOURCES AND PLANNED  
PERFORMANCE**



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

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

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

Comcare's efforts are driven by our outcome – *support participation and productivity through healthy and safe workplaces that minimise the impact of harm.*

The *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) establishes Comcare and the Safety, Rehabilitation and Compensation Commission (SRCC), and sets out the functions and powers of these bodies. Comcare also has functions and responsibilities under the *Work Health and Safety Act 2011* (WHS Act) and the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* (ARC Act).

Comcare provides expert advice and services to the SRCC and the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority). Comcare is the national work health and safety regulator under the national WHS Act.

Comcare's five strategic priorities drive our efforts to achieve national excellence and leadership in working with employees, employers and other stakeholders to achieve our outcome. Our strategic priorities are to:

- be the leading workers' compensation insurer, working with employers and employees to minimise the impact of harm in workplaces, facilitate recovery at and return to work, and deliver sustainable management of the fund
- be an effective national regulator. Achieving safer and healthier workplaces through promoting continuous improvements in work health, safety and rehabilitation practices and monitoring compliance with the law
- achieve excellence in scheme design and management to achieve sustainable and better national schemes
- deliver efficient and effective operations. Working collaboratively and innovatively across the organisation to enable the business to achieve Comcare's outcome and support the business to drive change, and
- drive innovation and better practice for the schemes. Collaborate across Comcare and sectors to design and deliver research and innovative initiatives to further enhance scheme outcomes.

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The *Comcare Corporate Plan 2018 – 19* outlines our strategic focus for all our efforts to deliver our outcome. Comcare will continue to:

- work with employees and employers to minimise the impact of harm in the workplace, improve recovery at and return to work, and promote the health benefits of work through good work design
- manage claims liabilities by investing in strategic projects aimed at improving return to work outcomes, improving efficiency and effectiveness in business processes and focus on liability management
- foster continuous improvement across the jurisdiction, to protect the health, safety and welfare of employees through delivering effective compliance enforcement activities, and
- provide access to compensation for people with asbestos-related disease where the Commonwealth has liability through the management of claims.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Comcare resource statement—Budget estimates for 2018–19 as at Budget, May 2018**

	2017–18 Estimated actual \$'000	2018–19 Estimate \$'000
<b>Opening balance/cash reserves at 1 July</b>	979,779	1,007,227
<b>Funds from Government</b>		
Annual appropriations—ordinary annual services (a)		
Outcome 1	6,020	5,989
Total annual appropriations	6,020	5,989
Amounts received from related entities		
Amounts from portfolio department (b)	55,372	60,536
Total amounts received from related entities	55,372	60,536
<b>Total funds from Government</b>	<b>61,392</b>	<b>66,525</b>
<b>Funds from industry sources</b>		
License fees	15,601	15,954
<b>Total funds from industry sources</b>	<b>15,601</b>	<b>15,954</b>
<b>Funds from other sources</b>		
Interest	29,012	30,048
Sale of goods and services	2,770	3,992
Regulatory contributions	19,789	19,508
Workers Compensation premiums	284,895	277,430
<b>Total funds from other sources</b>	<b>336,466</b>	<b>330,978</b>
<b>Total net resourcing for Comcare</b>	<b>1,393,238</b>	<b>1,420,684</b>
	2017–18	2018–19
<b>Average staffing level (number)</b>	630	652

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive—these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018–19.

(b) Comcare is not directly appropriated as it is a corporate Commonwealth entity. Grants from its portfolio department include special appropriations under the *Safety, Rehabilitation and Compensation Act 1988* for the payment of pre-premium claims costs and the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* for asbestos-related claims settlements.

### **1.3 BUDGET MEASURES**

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

**Table 1.2: Entity 2018–19 Budget measures**

Comcare does not have any new measures since the 2017–18 MYEFO, or any other measures not previously reported in a portfolio statement. For this reason, Table 1.2 is not presented.



## Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities 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. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for Comcare can be found at:

[http://www.comcare.gov.au/about\\_us/comcare\\_2017-18\\_corporate\\_plan](http://www.comcare.gov.au/about_us/comcare_2017-18_corporate_plan).

The most recent annual performance statement can be found at:

[http://www.comcare.gov.au/annual\\_report\\_2016-17/annual\\_performance\\_statement/overview](http://www.comcare.gov.au/annual_report_2016-17/annual_performance_statement/overview).

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Support participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare.**

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1.1: Budgeted expenses for Outcome 1**

<b>Outcome 1: Support participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare.</b>					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Program 1.1: Comcare Departmental</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	6,020	5,989	5,995	6,034	6,069
Grants received from portfolio department	55,372	60,536	57,161	56,857	56,278
Revenues from industry sources	15,601	15,954	16,213	16,462	17,015
Revenues from independent sources	336,466	330,978	341,138	353,748	362,792
Revenues from other independent sources (a)	(156,948)	(71,780)	(37,533)	(37,197)	(33,374)
Expenses not requiring revenue	-	-	-	-	-
<b>Total expenses for Program 1.1</b>	<b>256,511</b>	<b>341,677</b>	<b>382,974</b>	<b>395,904</b>	<b>408,780</b>
<b>Outcome 1 totals by resource type</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	6,020	5,989	5,995	6,034	6,069
Grants received from portfolio department	55,372	60,536	57,161	56,857	56,278
Revenues from industry sources	15,601	15,954	16,213	16,462	17,015
Revenues from independent sources	336,466	330,978	341,138	353,748	362,792
Revenues from other independent sources (a)	(156,948)	(71,780)	(37,533)	(37,197)	(33,374)
Expenses not requiring revenue	-	-	-	-	-
<b>Total expenses for Outcome 1</b>	<b>256,511</b>	<b>341,677</b>	<b>382,974</b>	<b>395,904</b>	<b>408,780</b>
	2017–18	2018–19			
<b>Average staffing level (number)</b>	630	652			

(a) Relating to non-cash movements in workers' compensation claims liabilities and asbestos-related claims liabilities.

**Table 2.1.2: Program components of Outcome 1**

<b>Program 1.1: Comcare Departmental</b>					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>1.1—Work Health, Safety and Rehabilitation Regulation</b>					
Annual departmental expenses:					
Annual Appropriation	722	718	719	724	728
Expenses not requiring appropriation in the Budget year	28,975	28,985	29,305	29,969	28,892
<b>Total component 1.1 expenses</b>	<b>29,697</b>	<b>29,703</b>	<b>30,024</b>	<b>30,693</b>	<b>29,620</b>
<b>1.2—Comcare Workers Compensation Scheme Management</b>					
Expenses not requiring appropriation in the Budget year	7,840	7,356	7,416	7,583	7,665
<b>Total component 1.2 expenses</b>	<b>7,840</b>	<b>7,356</b>	<b>7,416</b>	<b>7,583</b>	<b>7,665</b>
<b>1.3—SRCC and Seacare Authority Support</b>					
Annual departmental expenses:					
Annual Appropriation	361	360	360	362	364
Expenses not requiring appropriation in the Budget year	4,778	4,802	4,887	4,966	5,047
<b>Total component 1.3 expenses</b>	<b>5,139</b>	<b>5,162</b>	<b>5,247</b>	<b>5,328</b>	<b>5,411</b>
<b>1.4—Premium Claims</b>					
Annual departmental expenses:					
Annual Appropriation	205	204	204	205	207
Expenses not requiring appropriation in the Budget year	196,885	281,088	320,080	332,540	346,744
<b>Total component 1.4 expenses</b>	<b>197,090</b>	<b>281,292</b>	<b>320,284</b>	<b>332,745</b>	<b>346,951</b>
<b>1.5—Pre-premium Claims</b>					
Annual departmental expenses:					
Grants received from portfolio department	30,697	31,227	30,035	28,720	27,440
Expenses not requiring appropriation in the Budget year	(31,701)	(26,945)	(24,553)	(22,485)	(20,673)
<b>Total component 1.5 expenses</b>	<b>(1,004)</b>	<b>4,282</b>	<b>5,482</b>	<b>6,235</b>	<b>6,767</b>
<b>1.6—Asbestos Claims</b>					
Annual departmental expenses:					
Annual Appropriation	4,732	4,707	4,712	4,743	4,770
Grants received from portfolio department	24,675	29,309	27,126	28,137	28,837
Expenses not requiring appropriation in the Budget year	(11,658)	(20,134)	(17,317)	(19,560)	(21,241)
<b>Total component 1.6 expenses</b>	<b>17,749</b>	<b>13,882</b>	<b>14,521</b>	<b>13,320</b>	<b>12,366</b>
<b>Total program expenses</b>	<b>256,511</b>	<b>341,677</b>	<b>382,974</b>	<b>395,904</b>	<b>408,780</b>

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

**Table 2.1.3: Performance criteria for Outcome 1**

Table 2.1.3 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

<b>Outcome 1—Support participation and productivity through healthy and safe workplaces that minimise the impact of harm</b>		
<b>Program Component 1.1—Work Health, Safety and Rehabilitation Regulation</b>		
This program component contributes to the outcome by achieving compliance with the SRC Act and WHS Act and regulations. It leads continuous improvements in work health and safety and rehabilitation outcomes.		
<b>Purpose</b>	Effective National Regulator—Achieving safer and healthier workplaces through promoting continuous improvements in work health, safety and rehabilitation practices and monitoring compliance with the law.	
<b>Delivery</b>	Comcare will foster and monitor continuous improvement and WHS compliance across the jurisdiction. Delivery of effective and consistent compliance enforcement activities.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	Our proactive regulatory reach is extended to all entities in our scheme, to further our breadth of activities both in cities and remote workplaces, and ensure we have increased the number of active relationships with entities	<b>Assessment:</b> On track
	Our approach improves WHS outcomes in workplaces, measured by increased knowledge, awareness and compliance to ensure regulatory intervention makes a positive difference	<b>Assessment:</b> On track
	A sustained high level of satisfaction and engagement with services provided, measured by survey, to ensure regulatory actions are appropriate, responsive and relevant	<b>Assessment:</b> On track
2018–19	Our proactive regulatory reach is extended to all entities in our scheme, to further our breadth of activities both in cities and remote workplaces, and ensure we have increased the number of active relationships with entities	Regulator interaction with 100% of entities in our scheme
	Our approach improves WHS outcomes in workplaces, measured by increased knowledge, awareness and compliance to ensure regulatory intervention makes a positive difference	80% of surveyed workplaces have improved WHS outcomes following regulatory intervention
	A sustained high level of satisfaction and engagement with services provided, measured by survey, to ensure regulatory actions are appropriate, responsive and relevant	Satisfaction rating of 85% or more
2019–20 and beyond	Our proactive regulatory reach is extended to all entities in our scheme, to further our breadth of activities both in cities and remote workplaces, and ensure we have increased the number of active relationships with entities	Regulator interaction with 100% of entities in our scheme

<b>Outcome 1—Support participation and productivity through healthy and safe workplaces that minimise the impact of harm</b>		
<b>Program Component 1.1—Work Health, Safety and Rehabilitation Regulation</b>		
This program component contributes to the outcome by achieving compliance with the SRC Act and WHS Act and regulations. It leads continuous improvements in work health and safety and rehabilitation outcomes.		
	Our approach improves WHS outcomes in workplaces, measured by increased knowledge, awareness and compliance to ensure regulatory intervention makes a positive difference	85% of surveyed workplaces have improved WHS outcomes following regulatory intervention
	A sustained high level of satisfaction and engagement with services provided, measured by survey, to ensure regulatory actions are appropriate, responsive and relevant	Satisfaction rating of 85% or more
<b>Material changes to Program Component 1.1 resulting from the following measures:</b>		
Nil		

<b>Program Component 1.2—Comcare Workers' Compensation Scheme Management</b>		
National leader in the design, implementation and management of the national schemes that improves work health, safety and rehabilitation outcomes.		
<b>Purpose</b>	Excellent in Scheme Design and Management—Excellence in scheme design and management to achieve sustainable and better national schemes.	
<b>Delivery</b>	Leadership of the scheme, provision of high quality advice and assistance, increase knowledge and understanding of the scheme requirements, provide quality analysis and insights that highlight emerging risks and trends. Transparent pricing of the scheme management, regulatory function and develop innovative policies and programs.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	Return to work rates developed through the existing biennial Return to Work Survey indicating the rehabilitation outcomes achieved	<b>Assessment:</b> On track
	Improve the financial sustainability of the scheme measured by notional premium rate	<b>Assessment:</b> On track
	Better practice scheme management assessed through qualitative review	<b>Assessment:</b> On track
2018–19	Return to work rates developed through the existing biennial Return to Work Survey indicating the rehabilitation outcomes achieved	The National return to work survey will be conducted in 2019–20 and 2021–22
	Improve the financial sustainability of the scheme measured by notional premium rate	Comcare scheme notional premium rate = 1.12%
	Better practice scheme management assessed through qualitative review	Qualitative evaluation of scheme management identifies the adoption/ promotion of better practice
2019–20 and beyond	Return to work rates developed through the existing biennial Return to Work Survey indicating the rehabilitation outcomes achieved	Comcare Scheme return to work rate = 95%

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<b>Program Component 1.2—Comcare Workers' Compensation Scheme Management</b>		
National leader in the design, implementation and management of the national schemes that improves work health, safety and rehabilitation outcomes.		
	Improve the financial sustainability of the scheme measured by notional premium rate	Comcare scheme notional premium rate = 1.11%
	Better practice scheme management assessed through qualitative review	Qualitative evaluation of scheme management identifies the adoption/ promotion of better practice
<b>Material changes to Program Component 1.2 resulting from the following measures:</b>		
Nil		

<b>Program Component 1.3—Safety, Rehabilitation and Compensation Commission (SRCC), and Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority) support.</b>		
<b>Purpose</b>	Excellent in Scheme Design and Management—Excellence in scheme design and management to achieve sustainable and better national schemes.	
<b>Delivery</b>	Provide expert advice and services to the SRCC and the Seacare Authority.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	SRCC satisfaction of support provided by Comcare	<b>Assessment:</b> On track
	Seacare Authority satisfaction of support provided by Comcare	<b>Assessment:</b> On track
2018–19	SRCC satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair
	Seacare Authority satisfaction of support provided by Comcare	Qualitative evaluation using structured services and feedback from the Chair
2019–20 and beyond	As per 2018–19	As per 2018–19
<b>Material changes to Program Component 1.3 resulting from the following measures:</b>		
Nil		

<b>Program Component 1.4—Premium Claims</b>		
<b>Purpose</b>	Leading Workers' Compensation Insurer—To foster participation and productivity by minimising the impact of harm in workplaces, facilitate recovery at and return to work, and deliver sustainable management of the fund.	
<b>Delivery</b>	Responsible management of liabilities and premiums, supported by effective, value driven and outcome focused services.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	The insured scheme continues to be fully funded	<b>Assessment:</b> On track
	The average Commonwealth premium rate reduced to 1.1 per cent of payroll (excluding GST) by 2018–19, to ensure the scheme remains financially sustainable	<b>Assessment:</b> Target achieved
	Reduce the insured scheme liability to \$1.9 billion, a reduction of \$1 billion from the baseline at 30 June 2014, to ensure the scheme remains financially sustainable	<b>Assessment:</b> On track
	Reduce the direct administration cost ratio to 20 per cent by 2018–19, measured by Safe Work Australia's comparative performance monitoring methodology, to ensure cost effective management of the fund	<b>Assessment:</b> Not on track <sup>1</sup>
	Increase the proportion of employees who have returned to work, measured by duration on incapacity benefits, to facilitate recovery and reduce liability. Reported by periods of: 13 weeks—73% 26 weeks—82% 78 weeks—91%	<b>Assessment:</b> 13 weeks—Not on track <sup>2</sup> 26 weeks—On track 78 weeks—On track
	A sustained high level of satisfaction and engagement with the services provided, measured by survey to ensure services are appropriate, responsive and relevant	<b>Assessment:</b> On track
2018–19	The insured scheme continues to be fully funded	100–110%
	The average Commonwealth premium rate reduces to 1.1 per cent of payroll (excluding GST) for the 2018–19 premium year, to ensure the scheme remains financially sustainable	Average Commonwealth premium rate = 1.1% of payroll
	Reduce the insured scheme liability to ensure the scheme remains financially sustainable	Scheme liability is \$1.9 billion or less by 30 June 2019
	That claims administration cost as a ratio of all claims expenses is 20 per cent or lower for each injury year, measured by Safe Work Australia's comparative performance monitoring methodology, to ensure cost effective management of the fund	Administrative cost ratio is 20% or lower

<sup>1</sup> Claims cost decrease is greater than expense reduction

<sup>2</sup> Comcare is working with rehabilitation authorities on strategies to improve return to work rates.

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<b>Program Component 1.4—Premium Claims</b>		
	Increase the proportion of employees who have returned to work, measured by duration on incapacity benefits, to facilitate recovery and reduce liability	13 weeks — 76% 26 weeks — 84% 78 weeks — 92%
	A sustained high level of satisfaction and engagement with the services provided, measured by survey, to ensure services are appropriate, responsive and relevant	A stakeholder satisfaction rating of 82% or more for services provided to the Fund
2019–20 and beyond	The insured scheme continues to be fully funded	100–110%
	The average Commonwealth premium rate reduces to 1.1 per cent of payroll (excluding GST) for the 2018–19 premium year, to ensure the scheme remains financially sustainable	Average Commonwealth premium rate = 1.0% of payroll
	Reduce the insured scheme liability to ensure the scheme remains financially sustainable	Scheme liability is \$1.71 billion or less by 30 June 2019
	That claims administration cost as a ratio of all claims expenses is 20 per cent or lower for each injury year, measured by Safe Work Australia's comparative performance monitoring methodology, to ensure cost effective management of the fund	Administrative cost ratio is 20% or lower
	Increase the proportion of employees who have returned to work, measured by duration on incapacity benefits, to facilitate recovery and reduce liability	13 weeks — 80% 26 weeks — 88% 78 weeks — 95%
	A sustained high level of satisfaction and engagement with the services provided, measured by survey, to ensure services are appropriate, responsive and relevant	A stakeholder satisfaction rating of 85% or more for services provided to the Fund
<b>Material changes to Program Component 1.4 resulting from the following measures:</b> Nil		



<b>Program Component 1.5—Pre-premium claims</b>		
<b>Purpose</b>	Leading Workers' Compensation Insurer—To foster participation and productivity by minimising the impact of harm in workplaces, facilitate recovery at and return to work, and deliver sustainable management of the fund.	
<b>Delivery</b>	Build a high-performance business and service culture that is committed to quality and outcomes.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	Reduce the direct administration cost ratio to 20 per cent by 2018–19, measured by Safe Work Australia's comparative performance monitoring methodology, to ensure cost effective management of the fund	<b>Assessment:</b> Not on track <sup>1</sup>
2018–19	That claims administration cost as a ratio of all claims expenses is 20 per cent or lower for each injury year, measured by Safe Work Australia's comparative performance monitoring methodology, to ensure cost effective management of the fund	Administrative cost ratio is 20% or lower
2019–20 and beyond	As per 2018–19	As per 2018–19
<b>Material changes to Program Component 1.5 resulting from the following measures:</b> Nil		

<b>Program Component 1.6—Asbestos Claims</b>		
<b>Purpose</b>	Leading Workers' Compensation Insurer—To foster participation and productivity by minimising the impact of harm in workplaces, facilitate recovery at and return to work, and deliver sustainable management of the fund.	
<b>Delivery</b>	Proactive management of asbestos claims and recoveries from third parties.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2017–18	Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days)	<b>Assessment:</b> On track
	Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	<b>Assessment:</b> On track
2018–19	Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days)	80%
	Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	10%
2019–20 and beyond	As per 2018–19	As per 2018–19
<b>Material changes to Program Component 1.6 resulting from the following measures:</b> Nil		

<sup>1</sup> Comcare remains committed to achieving its target to ensure the cost-effective management of the fund.

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 BUDGETED FINANCIAL STATEMENTS

#### 3.1.1 Differences between entity resourcing and financial statements

The difference between the available resources shown in Table 1.1: Comcare resource statement and Table 3.1: Comprehensive Income Statement is due to prior year amounts available in 2018–19, and non-cash movements in the value of the workers compensation claims liability and notional interest receipts. The prior year amounts relate to retained premium funds, which are held to discharge future premium claims liabilities. Table 3.2: Budgeted Departmental Balance Sheet also includes significant financial assets (appropriations receivable) which will fund claim payments over the lifetime of the outstanding claims liabilities.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

##### Income

Comcare's total income in 2018–19 is budgeted at \$341.7 million, compared to \$256.5 million in 2017–18 (an increase of \$85.2 million, Table 3.1). The increase in revenue is mainly due to a significant favourable movement in premium liabilities in 2017–18 leading to a lower liability offset in 2018–19.

##### Expenses

Comcare's total expenses in 2018–19 are budgeted at \$341.7 million, compared to \$256.5 million in 2017–18 (an increase of \$85.2 million) due to a significant favourable movement in premium liabilities in 2017–18.

Comcare's administration expenses are budgeted to decrease in 2018–19 by \$4.5 million (from \$112.1 million to \$107.6 million) due to efficiencies in Comcare operations.

##### Operating Result

Comcare's operating result for 2018–19 is budgeted to break even.

##### Claims Liability

Comcare has three separate claims liabilities:

- Premium workers' compensation claims – these relate to workers' compensation claims from premium paying agencies with a date of injury on or after 1 July 1989.

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

In the 2018–19 Portfolio Budget Statements, all claims liability provisions are based on independent actuarial valuations on the basis of the central estimate plus a risk margin that would achieve a 75 per cent probability of sufficiency.

Estimates for gross claims liabilities as at 30 June each year are outlined in the table below.

**Table 3.1.1 Estimates for gross claims liabilities as at 30 June each year**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>Workers' compensation liabilities</b>					
Premium	2,354,468	2,359,704	2,399,020	2,442,422	2,495,315
Pre-premium	316,173	289,209	264,637	242,134	221,442
Asbestos related— common law	955,500	931,980	911,680	888,860	864,080

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	72,091	69,023	69,526	70,855	70,996
Suppliers	34,596	33,536	31,945	31,778	31,550
Depreciation and amortisation	5,416	5,041	5,181	5,181	5,181
Claims Payments	278,929	275,443	278,473	286,376	289,781
Claims—Movement in liabilities	(134,521)	(41,366)	(2,151)	1,714	11,272
<b>Total expenses</b>	<b>256,511</b>	<b>341,677</b>	<b>382,974</b>	<b>395,904</b>	<b>408,780</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	2,770	3,992	3,242	4,067	1,095
Licence Fees	15,601	15,954	16,213	16,462	17,015
Regulatory Contributions	19,789	19,508	19,837	20,155	20,987
Interest	29,012	30,048	30,152	30,391	30,508
Grants Received from Portfolio Department	55,372	60,536	57,161	56,857	56,278
Workers' Compensation Premium	284,895	277,430	287,907	299,135	310,202
Other Non-Tax Revenue (a)	(156,948)	(71,780)	(37,533)	(37,197)	(33,374)
<b>Total own-source revenue</b>	<b>250,491</b>	<b>335,688</b>	<b>376,979</b>	<b>389,870</b>	<b>402,711</b>
<b>Total own-source income</b>	<b>250,491</b>	<b>335,688</b>	<b>376,979</b>	<b>389,870</b>	<b>402,711</b>
<b>Net (cost of)/contribution by services</b>	<b>(6,020)</b>	<b>(5,989)</b>	<b>(5,995)</b>	<b>(6,034)</b>	<b>(6,069)</b>
Revenue from Government	6,020	5,989	5,995	6,034	6,069
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Relates to non-cash movements in workers' compensation claims liabilities and asbestos-related claims liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,007,227	1,041,281	1,082,625	1,126,763	1,169,056
Trade and other receivables	2,647,030	2,567,065	2,521,814	2,475,346	2,437,924
Other financial assets	7,643	7,643	7,643	7,643	7,643
<b>Total financial assets</b>	<b>3,661,900</b>	<b>3,615,989</b>	<b>3,612,082</b>	<b>3,609,752</b>	<b>3,614,623</b>
<b>Non-financial assets</b>					
Property, plant and equipment	13,618	11,292	7,491	4,620	4,039
Intangibles	7,943	12,315	15,835	19,115	22,245
Other non-financial assets	1,445	1,445	1,445	1,445	1,445
<b>Total non-financial assets</b>	<b>23,006</b>	<b>25,052</b>	<b>24,771</b>	<b>25,180</b>	<b>27,729</b>
<b>Total assets</b>	<b>3,684,906</b>	<b>3,641,041</b>	<b>3,636,853</b>	<b>3,634,932</b>	<b>3,642,352</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	6,210	6,210	6,210	6,210	6,210
Other payables	16,765	16,765	16,765	16,765	16,765
<b>Total payables</b>	<b>22,975</b>	<b>22,975</b>	<b>22,975</b>	<b>22,975</b>	<b>22,975</b>
<b>Provisions</b>					
Employee provisions	18,064	19,447	20,814	20,814	20,814
Other provisions	3,628,609	3,583,361	3,577,806	3,575,885	3,583,305
<b>Total provisions</b>	<b>3,646,673</b>	<b>3,602,808</b>	<b>3,598,620</b>	<b>3,596,699</b>	<b>3,604,119</b>
<b>Total liabilities</b>	<b>3,669,648</b>	<b>3,625,783</b>	<b>3,621,595</b>	<b>3,619,674</b>	<b>3,627,094</b>
<b>Net assets</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Reserves	4,142	4,142	4,142	4,142	4,142
Retained surplus (accumulated deficit)	3,399	3,399	3,399	3,399	3,399
<b>Total parent entity interest</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>
<b>Total equity</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>	<b>15,258</b>

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

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—summary of movement  
(Budget year 2018–19)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	3,399	4,142	7,717	15,258
Adjustment for changes in accounting policies	-	-	-	-
<b>Adjusted opening balance</b>	<b>3,399</b>	<b>4,142</b>	<b>7,717</b>	<b>15,258</b>
<b>Comprehensive income</b>				
Other comprehensive income	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>3,399</b>	<b>4,142</b>	<b>7,717</b>	<b>15,258</b>
Less: non-controlling interests	-	-	-	-
<b>Closing balance attributable to the Australian Government</b>	<b>3,399</b>	<b>4,142</b>	<b>7,717</b>	<b>15,258</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	6,020	5,989	5,995	6,034	6,069
Sale of goods and rendering of services	70,465	71,143	72,012	74,666	74,027
Interest	29,012	30,048	30,152	30,391	30,508
Grants from Portfolio Agencies	55,373	60,536	57,161	56,857	56,278
Other	293,109	285,615	295,625	308,406	314,250
<b>Total cash received</b>	<b>453,979</b>	<b>453,331</b>	<b>460,945</b>	<b>476,354</b>	<b>481,132</b>
<b>Cash used</b>					
Employees	70,696	67,640	68,159	70,855	70,996
Suppliers	42,191	40,974	39,269	39,202	39,002
Net GST paid	22,657	24,251	25,396	26,558	27,478
Cash Used—Other	282,187	279,325	281,877	290,011	293,633
<b>Total cash used</b>	<b>417,731</b>	<b>412,190</b>	<b>414,701</b>	<b>426,626</b>	<b>431,109</b>
<b>Net cash from/(used by) operating activities</b>	<b>36,248</b>	<b>41,141</b>	<b>46,244</b>	<b>49,728</b>	<b>50,023</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	8,800	7,087	4,900	5,590	7,730
<b>Total cash used</b>	<b>8,800</b>	<b>7,087</b>	<b>4,900</b>	<b>5,590</b>	<b>7,730</b>
<b>Net cash from/(used by) investing activities</b>	<b>(8,800)</b>	<b>(7,087)</b>	<b>(4,900)</b>	<b>(5,590)</b>	<b>(7,730)</b>
<b>Net increase/(decrease) in cash held</b>	<b>27,448</b>	<b>34,054</b>	<b>41,344</b>	<b>44,138</b>	<b>42,293</b>
Cash and cash equivalents at the beginning of the reporting period	979,779	1,007,227	1,041,281	1,082,625	1,126,763
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,007,227</b>	<b>1,041,281</b>	<b>1,082,625</b>	<b>1,126,763</b>	<b>1,169,056</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	8,800	7,087	4,900	5,590	7,730
<b>TOTAL</b>	<b>8,800</b>	<b>7,087</b>	<b>4,900</b>	<b>5,590</b>	<b>7,730</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	8,800	7,087	4,900	5,590	7,730
<b>Total cash used to acquire assets</b>	<b>8,800</b>	<b>7,087</b>	<b>4,900</b>	<b>5,590</b>	<b>7,730</b>

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018–19)**

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	35,600	25,548	61,148
Accumulated depreciation/amortisation and impairment	(21,982)	(17,605)	(39,587)
<b>Opening net book balance</b>	<b>13,618</b>	<b>7,943</b>	<b>21,561</b>
<b>Capital asset additions</b>			
<b>Estimated expenditure on new or replacement assets</b>			
By purchase—other	1,730	5,357	7,087
<b>Total additions</b>	<b>1,730</b>	<b>5,357</b>	<b>7,087</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(4,056)	(985)	(5,041)
<b>Total other movements</b>	<b>(4,056)</b>	<b>(985)</b>	<b>(5,041)</b>
<b>As at 30 June 2019</b>			
Gross book value	37,330	30,905	68,235
Accumulated depreciation/ amortisation and impairment	(26,038)	(18,590)	(44,628)
<b>Closing net book balance</b>	<b>11,292</b>	<b>12,315</b>	<b>23,607</b>

Prepared on Australian Accounting Standards basis.

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>EXPENSES</b>					
Suppliers	155	155	155	155	155
<b>Total expenses administered on behalf of Government</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other revenue	155	155	155	155	155
<b>Total non-taxation revenue</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>Net (cost of)/contribution by services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.



**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Trade and other receivables	1,356	1,356	1,356	1,356	1,356
<b>Total financial assets</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>
<b>Total assets administered on behalf of Government</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>	<b>1,356</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	115	115	115	115	115
<b>Total payables</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>
<b>Provisions</b>					
Other provisions	622	622	622	622	622
<b>Total provisions</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>	<b>622</b>
<b>Total liabilities administered on behalf of Government</b>	<b>737</b>	<b>737</b>	<b>737</b>	<b>737</b>	<b>737</b>
<b>Net assets/(liabilities)</b>	<b>619</b>	<b>619</b>	<b>619</b>	<b>619</b>	<b>619</b>

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	155	155	155	155	155
<b>Total cash received</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>Cash used</b>					
Other	155	155	155	155	155
<b>Total cash used</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>
<b>Net cash from/(used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.10: Administered capital budget statement (for the period ended 30 June)**

Comcare has no administered capital purchases. For this reason, Table 3.10 is not presented.

**Table 3.11: Statement of administered asset movements (Budget year 2018–19)**

Comcare has no administered non-financial assets. For this reason, Table 3.11 is not presented.

### 3.3 NOTES TO THE FINANCIAL STATEMENTS

#### Accounting policy

The budgeted financial statements have been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and the *Commonwealth Entities Financial Statement Preparation Guide*.

#### Entity items

Entity assets, liabilities, revenues and expenses are those items that are controlled by Comcare.

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

#### Comprehensive Income Statement

##### Revenue from government

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

##### Own source revenue

Comcare receives the following own-source revenue:

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

### **Workers' compensation premiums**

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

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

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

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

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

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

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

### **Administration expenses**

Comcare administration expenses include:

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

### **Claims expenses**

Comcare recognises two types of claims expenses:

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

## **Departmental Balance Sheet**

### **Cash and cash equivalents**

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

### **Trade and other receivables**

Other receivables are the combined value of:

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

### **Employee provisions**

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

### **Other provisions**

Provision is made for:

- outstanding workers' compensation claims liabilities, and
- asbestos-related common law liabilities.

These estimates have been prepared by independent actuaries. They are based on analysis of the historical development of the relevant claims experience, with allowances for future claim escalation and administration expenses, and are discounted to a present value to allow for the time value of money.

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