

**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 supports participation and productivity by working with employers and employees to keep workers healthy and safe by minimising harm in the workplaces it covers.

In addition to its claims management and regulatory responsibilities, Comcare manages Commonwealth common law liabilities for asbestos compensation. The agency also provides secretariat and related functions to support the Safety, Rehabilitation and Compensation Commission (SRCC) and the Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority).

Comcare has consolidated its strategic functions into a single outcome:

- Supporting participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare.

The outcome statement provides better strategic alignment of the insurance and regulatory functions and focuses on Comcare's contribution in supporting productivity and participation.

Comcare is ensuring that delivery of its strategic priorities, articulated through its Corporate Plan, will ensure Comcare continues to be an efficient and effective regulator, a cost effective insurer, and an adaptable organisation that shows leadership in identifying and delivering strategies to minimise harm in the workplace.

Comcare's strategic priorities in 2015–16 include:

- Work, health and safety leadership – developing a policy narrative with a focus on productivity and participation, and influencing the workplace wellbeing dialogue through closer engagement with employers, employees, policy makers and researchers
- Targeted regulation – maintaining a focus on harm prevention using a modern model of regulation
- Leading insurer – delivering robust and transparent premium setting policies and engaging with employers to achieve better outcomes in claims management

- Fresh approaches – generating and understanding business intelligence to guide better policy and operations
- Successful business – ensuring Comcare’s capability supports the vision and obligations of the organisation.

Comcare will continue to:

- Work with employers to deliver best practice in rehabilitation and compensation claims management to achieve early and safe return to work for workers covered by the Comcare scheme
- Deliver education, assurance and enforcement to protect the health, safety and welfare of workers covered by the scheme
- Provide access to compensation for people with asbestos-related diseases where the Commonwealth has a liability through management of claims.

Comcare’s strategic direction ensures that our priority actions are clear and in alignment with our strategic focus and ensure the coherence, capability and adaptability of the organisation going forward.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Comcare resource statement — Budget estimates for 2015–16 as at Budget May 2015

	Actual Available Appropriation 2014–15	Estimate of prior year amounts available in 2015–16	Proposed at 2015–16 Budget	Total 2015–16 estimate
	\$'000	\$'000	\$'000	\$'000
Opening balance/Reserves at bank	-	617,147	-	617,147
REVENUE FROM GOVERNMENT				
Ordinary annual services¹				
Outcome 1 ²	2,189	-	7,727	7,466
Outcome 2	414	-	-	-
Outcome 3	4,960	-	-	-
Total ordinary annual services	7,563	-	7,727	7,466
Total funds from Government	7,563	-	7,727	7,466
FUNDS FROM INDUSTRY SOURCES				
Licence fees	16,173	-	15,776	15,776
Total	16,173	-	15,776	15,776
FUNDS FROM OTHER SOURCES				
Interest	25,531	-	26,876	26,876
Sale of goods and services	1,797	-	1,001	1,001
Regulatory contributions	19,076	-	20,413	20,413
Grants from Portfolio Department ³	72,956	-	69,726	69,726
Workers' compensation premiums	475,635	-	450,400	450,400
Total	594,995	-	568,416	568,416
Total net resourcing for Comcare	618,731	617,147	591,919	1,208,805

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

¹ Appropriation Bill (No.1) 2015–16.

² Outcome 2 and 3 have been consolidated into Outcome 1 from 1 July 2015.

³ Grants from Portfolio Department includes special appropriations under the *Safety, Rehabilitation and Compensation Act 1988* for the payment of pre-premium claims costs and the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* for asbestos-related claims settlements.

All figures are GST exclusive.

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 2015–16 Budget measures

Part 1: Measures announced since the 2014–15 Mid-Year Economic and Fiscal Outlook (MYEFO)

		2014–15	2015–16	2016–17	2017–18	2018–19
	Programme	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures						
Simplifying Parliamentary Budgets	1.1					
Departmental expenses		-	261	209	210	212
Total		-	261	209	210	212
Total expense measures						
Departmental		-	261	209	210	212
Total		-	261	209	210	212

Prepared on a Government Finance Statistics (fiscal) basis

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

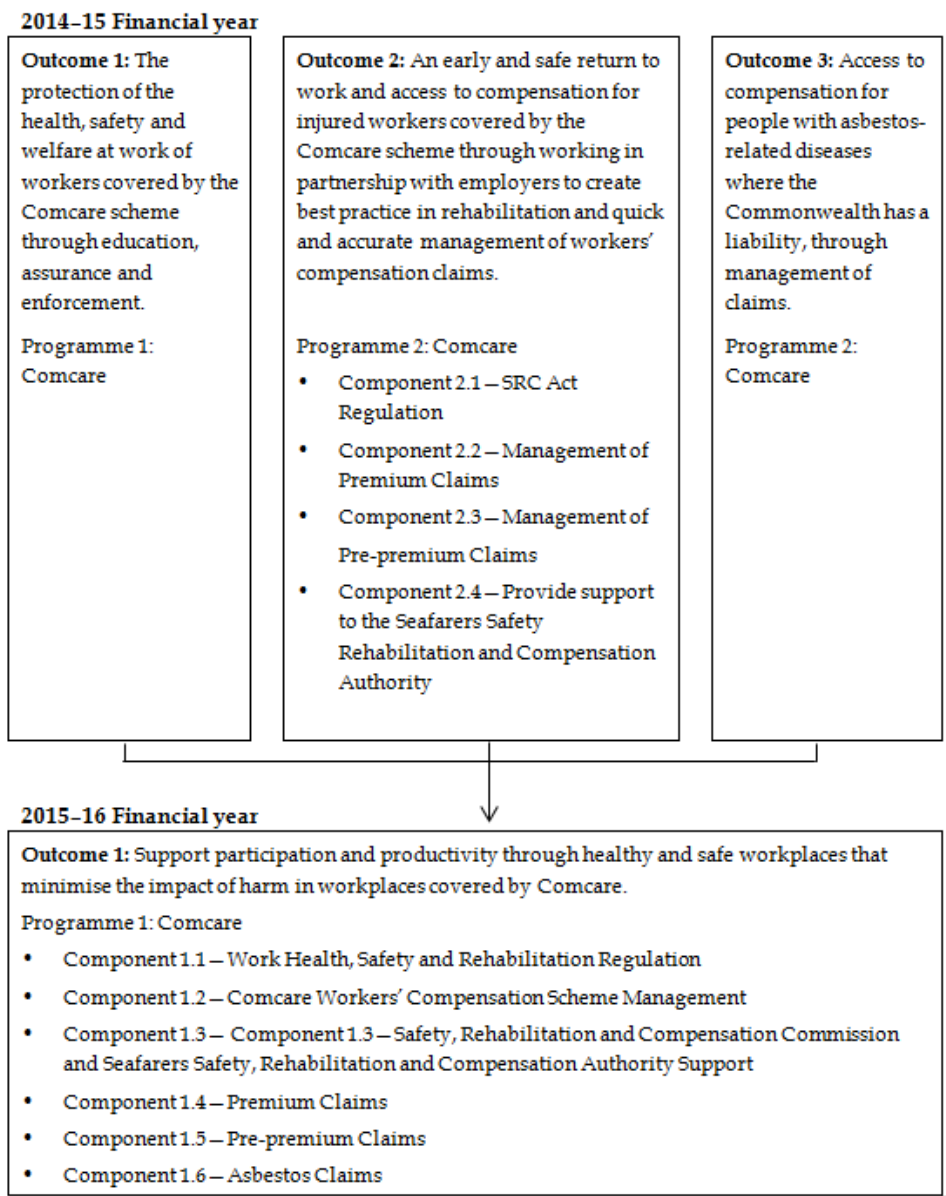
Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the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

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

Outcome and programme changes

The following figure shows the consolidation of the three outcomes in 2014–15 to a single outcome in 2015–16 and the changes in the programme components.

Figure 2 Changes to Comcare’s outcome structure



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

Outcome 1 strategy

Comcare works with employers, employees and their representatives, state and territory bodies and other organisations to contribute to national goals in improving work health and safety and minimising the impact of harm in workplaces.

It does this through:

- supporting employers, employees and other duty holders to create and maintain healthy and safe workplaces through the regulation of work health, safety and rehabilitation in workplaces covered by Comcare
- minimising the impact of harm in workplaces through effective and efficient management of the Comcare workers' compensation scheme
- improving the quality and effectiveness of compensation delivery, including improving return to work and health outcomes
- maintaining the sustainability and accountability of the scheme
- supporting the SRCC and the Seacare Authority in their statutory roles.

In 2015–16, Comcare will continue to strengthen its position as a leader in work health and safety by identifying and communicating best practice, and promoting a broad understanding of our role and responsibilities.

Effective work health and safety regulation remains a priority for Comcare. Regulatory activities will continue to be targeted and focussed on harm prevention, with annual campaigns focused on minimising the drivers of illness and injury in the Comcare Scheme. Comcare is committed to delivering regulation consistent with the Australian Government's Regulator Performance Framework. Comcare engages in a national approach for scheme efficiency and sustainability and will strengthen cost recovery arrangements in order to increase transparency and accountability.

To ensure improved return to work outcomes, Comcare will engage with employers and employees to support workers through a targeted approach using our Active Management Model and continuing work on the Health Benefits of Work initiative.

Further measures that will support a collaborative culture and ensure a successful business into the future include ensuring all roles have a clear link to the delivery of Comcare's outcome, effective management of strategic and operational risks and ensuring stronger alignment of corporate planning and budgeting.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by programme for 2015–16.

Table 2.1: Budgeted expenses for Outcome 1

	2014–15 ¹ Estimated actual expenses \$'000	2015–16 Estimated expenses \$'000
Outcome 1: Support participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare		
Programme 1.1: Comcare Departmental Outcome 1		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	7,563	7,727
Grants received from portfolio department	72,956	69,726
Revenues from industry sources	16,173	15,776
Revenues from other independent sources	512,928	429,654
Revenues from other independent sources ²	8,825	(10,014)
Total for Programme 1.1	618,445	512,869
Outcome 1 totals by resource type		
Revenue from Government		
Ordinary annual services (Appropriation Bill No. 1)	7,563	7,727
Grants received from portfolio department	72,956	69,726
Revenues from industry sources	16,173	15,776
Revenues from other independent sources	512,928	429,654
Revenues from other independent sources ²	8,825	(10,014)
Total expenses for Outcome 1	618,445	512,869
	2014–15	2015–16
Average staffing level (number)	610	652

¹ Figures for 2014–15 are aggregates of the previous three outcomes.

² This relates to non-cash movements in workers' compensation claims liabilities and asbestos-related claims liabilities.

Contributions to Outcome 1

Programme 1.1: Comcare Departmental Outcome 1

Programme objective

- To promote healthy and safe workplaces and prevent harm in workplaces covered by Comcare through regulation of health, safety and rehabilitation.
- To implement and maintain Comcare workers' compensation scheme policies and guidance and report of scheme effectiveness.
- To enable the SRCC management and regulation of self-insured licensees in the Comcare scheme under the *Safety Rehabilitation and Compensation Act 1988* (SRC Act) and the Seacare Authority operations under the *Seafarers Safety, Rehabilitation and Compensation Act 1992* (Seafarers Act) and relevant legislation.
- To deliver timely and appropriate management of premium claims.
- To support stakeholders in achieving return to work and health outcomes.
- To deliver value for money and financial sustainability across claim management operations and services.
- To deliver timely and appropriate management of pre-premium claims.
- To deliver timely and appropriate management of claims under the *Asbestos-Related Claims (Management of Commonwealth Liabilities) Act 2005* (ARC Act).

Programme expenses

- Comcare is maintaining resourcing to match the government’s expectations about the level of regulatory intervention and the need to continue the positive trend in injury prevention.
- The Special Appropriation under s90D of the SRC Act (Grants received from portfolio departments) relates to workers’ compensation claims that were accepted prior to the establishment of the Comcare premium scheme on 1 July 1989. The costs of these claims are funded from the Consolidated Revenue Fund.
- Expenses for claims accepted since 1 July 1989 are funded from premium revenue paid to Comcare and do not require appropriation.

Table 2.1.1 Programme expenses

	2014–15 ¹ Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
Annual departmental expenses:					
Annual Appropriation	7,563	7,727	6,194	6,235	6,279
Grants received from portfolio department	72,956	69,726	67,886	68,581	68,463
Expenses not requiring appropriation in the Budget year	529,101	445,430	451,346	464,196	482,094
Expenses not requiring appropriation in the Budget year ²	8,825	(10,014)	(6,854)	(7,208)	(6,374)
Total programme expenses	618,445	512,869	518,572	531,804	550,462

¹ Figures for 2014-15 are aggregates of the previous three outcomes.

² This relates to non-cash movements in workers' compensation claims liabilities and asbestos-related claims liabilities.

Programme components

- Component 1.1 – Work Health, Safety and Rehabilitation Regulation
- Component 1.2 – Comcare Workers’ Compensation Scheme Management
- Component 1.3 – SRCC and Seacare Authority Support
- Component 1.4 – Premium Claims
- Component 1.5 – Pre-premium Claims
- Component 1.6 – Asbestos Claims

Table 2.2 Programme components

	2014–15 ¹ Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
<u>1.1 - Work Health, Safety and Rehabilitation Regulation</u>					
Annual departmental expenses:					
Annual Appropriation	2,189	2,164	746	751	755
Expenses not requiring appropriation in the Budget year	27,319	26,887	27,119	27,633	27,752
Total component expenses	29,508	29,051	27,865	28,384	28,507
<u>1.2 - Comcare Workers' Compensation Scheme Management</u>					
Expenses not requiring appropriation in the Budget year	8,509	8,376	7,228	7,344	7,377
Total component expenses	8,509	8,376	7,228	7,344	7,377
<u>1.3 - SRCC and Seacare Authority Support</u>					
Annual departmental expenses:					
Annual Appropriation	414	388	365	368	371
Expenses not requiring appropriation in the Budget year	4,112	4,067	3,910	3,930	3,946
Total component expenses	4,526	4,455	4,275	4,298	4,317
<u>1.4 - Premium claims</u>					
Annual departmental expenses:					
Annual Appropriation	-	261	209	210	212
Expenses not requiring appropriation in the Budget year	527,042	435,135	442,690	455,468	473,786
Total component expenses	527,042	435,396	442,899	455,678	473,998
<u>1.5 - Pre-premium claims</u>					
Grants received from portfolio department	50,069	36,515	35,312	34,109	32,614
Expenses not requiring appropriation in the Budget year	(31,970)	(32,762)	(30,728)	(28,580)	(26,095)
Total component expenses	18,099	3,753	4,584	5,529	6,519
<u>1.6 - Asbestos claims</u>					
Annual departmental expenses:					
Annual Appropriation	4,960	4,914	4,874	4,906	4,941
Grants received from portfolio department	22,887	33,211	32,574	34,472	35,849
Expenses not requiring appropriation in the Budget year	2,914	(6,287)	(5,727)	(8,807)	(11,046)
Total component expenses	30,761	31,838	31,721	30,571	29,744
Total programme expenses	618,445	512,869	518,572	531,804	550,462

¹ 2014–15 expenses for components 1.1, 1.2 and 1.3 have been reclassified to align with the new programme components in 2015–16.

Programme 1.1 Deliverables

Component 1.1 – Work Health, Safety and Rehabilitation Regulation

- Perform the functions of the regulator under the *Work Health and Safety Act (Cth) 2012* (WHS Act).
- Perform the rehabilitation regulatory functions set out in the SRC Act.
- Contribute to the delivery of the Australian Work Health and Safety Strategy 2012–2022.

Component 1.2 – Comcare Workers’ Compensation Scheme Management

- Perform the scheme management functions set out in the SRC Act.
- Co-operate with other bodies or persons with the aim of reducing the incidence of injury to employees.
- Research and promote the adoption of effective strategies and procedures for the rehabilitation of injured workers pursuant to the SRC Act.

Component 1.3 – SRCC and Seacare Authority Support

- Provide the SRCC with such secretarial and other assistance, and make available to it the services of such members of Comcare’s staff and such other resources, as the SRCC reasonably requires from time to time for the proper performance of its functions or exercise of its powers.
- Provide the Seacare Authority such secretarial and other assistance, and make available to it the services of such members of Comcare’s staff and such other resources as the Seacare Authority reasonably requires from time to time for the proper performance of its functions or exercise of its powers.

Component 1.4 – Premium Claims

- Deliver a better practice compensation model.
- Enhance effective partnerships with employers.
- Influence rehabilitation and clinical stakeholders.
- Influence, prepare for and respond to legislative change.
- Identify and address opportunities for improved performance.
- Deliver a premium model that is robust, transparent and contemporary.

Component 1.5 – Pre-premium Claims

- Deliver a better practice compensation model.
- Identify and address opportunities for improved performance.

Component 1.6 – Asbestos Claims

- Deliver a better practice compensation model.
- Identify and address opportunities for improved performance.

Programme 1.1 Key performance indicators

The key performance indicators for this outcome are in Tables 2.2.A to 2.2.G.

Table 2.2.A Component 1.1 – Work Health Safety and Rehabilitation Regulation

Key performance indicators	2014-15 Revised budget	2015-16 Budget	2016-17 Forward Estimate	2017-18 Forward Estimate	2018-19 Forward Estimate
Achievement of the Australian Work Health and Safety Strategy 2012-2020 targets and initiatives	Yes	Yes	Yes	Yes	Yes
Compliance with the Nationally Consistent Approval Framework for Workplace Rehabilitation Providers by workplace rehabilitation programme providers approved by Comcare	Yes	Yes	Yes	Yes	Yes
Achievement of Regulator Performance Framework requirements	Yes	Yes	Yes	Yes	Yes

Table 2.2.B Component 1.2 Comcare Workers' Compensation Scheme Management

Key performance indicators	2014–15 Revised budget	2015–16 Budget	2016–17 Forward Estimate	2017–18 Forward Estimate	2018–19 Forward Estimate
Returned to Work across scheme participants (i.e. the proportion of injured workers with 10 or more days off work, who returned to work for any period of time at some stage since they had their first day off work)	90%	90%	90%	90%	90%
Current Return to Work (CRTW) (i.e. the percentage of injured workers with 10 or more days off work, who had submitted a claim 7–9 months prior to the survey, and who are working in a paid job at the time of the survey)	90%	90%	90%	90%	90%
Employer satisfaction with scheme management	N/A	90%	90%	90%	90%

Table 2.2.C Component 1.3 SRCC and Seacare Authority Support

Key performance indicators	2014–15 Revised budget	2015–16 Budget	2016–17 Forward Estimate	2017–18 Forward Estimate	2018–19 Forward Estimate
SRCC satisfaction with support provided by Comcare	Satisfied	Satisfied	Satisfied	Satisfied	Satisfied
Seacare Authority satisfaction of support provided by Comcare	Satisfied	Satisfied	Satisfied	Satisfied	Satisfied

Table 2.2.D Component 1.4 – Premium claims

Key performance indicators	2014-15 Revised budget	2015-16 Budget	2016-17 Forward Estimate	2017-18 Forward Estimate	2018-19 Forward Estimate
Funding ratio (i.e. the percentage of premium-related total assets to premium-related liabilities)	71%	75%	79%	84%	88%
Commonwealth average premium rate	2.12%	2.04%	1.98%	1.93%	1.87%
Claims continuance rate (i.e. the percentage of claims with 4 weeks of incapacity that continued to 13 weeks or more of incapacity)	58%	57%	56%	55%	54%
Current return to work rate (i.e the percentage of injured workers from premium payers with 10 or more days off work, who had submitted a claim 7-9 months prior to the survey, and who are working in a paid job at the time of the survey)	90%	90%	90%	90%	90%
Injured worker satisfaction with recovery and support service	81%	N/A	N/A	N/A	N/A
Injured worker satisfaction with services as part of the Comcare index	N/A	85%	87%	90%	90%

Table 2.2.E Component 1.4 – Premium claims (continued)

Key performance indicators	2014-15 Revised budget	2015-16 Budget	2016-17 Forward Estimate	2017-18 Forward Estimate	2018-19 Forward Estimate
Timeliness of claims determination (i.e. percentage of new claims determined within 20 calendar days for injury claims and 60 days for disease claims)	85%	100%	100%	100%	100%
Timeliness of determined claims payment (i.e. percentage of non-incapacity items paid or rejected within 7 calendar days for reimbursement to employees or trustees, and 28 calendar days for other payments)	90%	100%	100%	100%	100%

Table 2.2.F Component 1.5 Pre-premium claims

Key performance indicators	2014-15 Revised budget	2015-16 Budget	2016-17 Forward Estimate	2017-18 Forward Estimate	2018-19 Forward Estimate
Timeliness of determined claims payment (i.e. percentage of non-incapacity items paid or rejected within 7 calendar days for reimbursement to employees or trustees, and 28 calendar days for other payments)	90%	100%	100%	100%	100%

Table 2.2.G Component 1.6 Asbestos Claims

Key performance indicators	2014–15 Revised budget	2015–16 Budget	2016–17 Forward Estimate	2017–18 Forward Estimate	2018–19 Forward Estimate
Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days)	65%	80%	80%	80%	80%
Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	5%	10%	10%	10%	10%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015–16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for the special account for which the Seacare Authority is responsible.

Table 3.1.2: Estimates of special account flows and balances

	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		\$'000	\$'000	\$'000	\$'000	\$'000
Seafarers Rehabilitation and Compensation Account s78 PGPA Act (A)		1,304	132	(132)	-	1,304
		1,304	132	(132)	-	1,304
Total special accounts 2015–16 Budget estimate	1	1,304	132	(132)	-	1,304
	2*	1,304	132	(132)	-	1,304

(A) = Administered.

*In 2015–16 Comcare has streamlined its outcome structure to improve the alignment of its programmes in accordance with its vision and revised organisation structure. Previously the work associated with the Seafarers Rehabilitation and Compensation Account formed part of Outcome 2.

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

Transactions against this special account reflect:

- Levy collections from maritime operators;
- Expenses incurred in the administration of the Seafarers Safety Net fund and claim payments (if any).

3.1.3 Australian Government Indigenous expenditure

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

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

The difference between the available resources shown in Table 1.1: Comcare resource statement and Table 3.2.1: Comprehensive Income Statement is due to prior year amounts available in 2015–16. The prior year amounts relate to retained premium funds, which are held to discharge future premium claims liabilities. Table 3.2.2: Budgeted Departmental Balance Sheet also includes significant financial assets (appropriations receivable) which will fund claim payments over the lifetime of the outstanding claims liabilities.

3.2.2 Analysis of budgeted financial statements

Income

Comcare's total income in 2015–16 is budgeted at \$581.9 million, compared to \$627.6 million in 2014–15 (a decrease of \$45.7 million).

Revenue from independent sources, which excludes annual appropriations and other cash and non-cash appropriations received from the portfolio department, is budgeted at \$514.5 million (refer to table below).

Table 3.2.2.A Revenue from independent sources

	2014–15	2015–16
	Estimated actual	Budget estimate
	\$'000	\$'000
Workers' compensation premium	475,635	450,400
Licence fees	16,173	15,776
Regulatory contributions	19,076	20,413
Interest	25,531	26,876
Sales of goods and rendering of services	1,797	1,001
Total	538,212	514,466

The decrease in revenue is mainly due to expected reduction in premium revenue. The key factors contributing to a lower level of premium in 2015–16 include a notable reduction in employee numbers and a lower additional margin in response to improved funding ratio of the scheme.

Expenses

Comcare's total expenses in 2015–16 are budgeted at \$512.9 million, compared to \$618.4 million in 2014–15 (a decrease of \$105.6 million).

Claims expenses are budgeted to decrease by \$103.9 million based on projections provided by independent actuarial assessment. While benefits payments is expected to increase by \$18.8 million, movement in outstanding claims liabilities is expected to be significantly less in 2015–16 (\$65.0 million in 2015–16 compared to \$187.7 million in 2014–15). Movement in outstanding claims liabilities for 2014–15 has been revised to reflect a significant increase in claims provisions due primarily to unfavourable economic assumptions in valuing long term

liabilities. This increases the claims expenses in 2014–15 despite the fact that outstanding claims liabilities before economic adjustments have been reducing in the past two years. Economic assumptions used in the 2015–16 budget represent less volatile economic conditions in the next financial year.

Comcare’s administration expenses are budgeted to reduce in 2015–16 by \$1.6 million (i.e. from \$111.8 million to \$110.2 million), reflecting Comcare’s ongoing commitment to improve administration efficiency.

Operating Result

Comcare’s operating result in 2015–16 is budgeted at a surplus of \$69.0 million. This, along with budgeted surpluses over forward years will contribute to restoring the premium scheme’s financial health.

Comcare’s expected operating result in 2014–15 has reduced significantly since the publishing of the 2014–15 Portfolio Budget Statements. This is in line with the mid-year valuation of outstanding claims liabilities by Comcare’s independent actuaries and is mainly due to unfavourable movements in economic assumptions used in the valuation of long term liabilities. It is important to note, however, that the final operating result is subject to a further assessment of the outstanding claims liabilities as at 30 June 2015.

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 2015–16 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 3.2.2.B Estimates for gross claims liabilities as at 30 June each year

	2014–15	2015–16	2016–17	2017–18	2018–19
	\$'000	\$'000	\$'000	\$'000	\$'000
Workers' compensation liabilities					
Premium	2,968,623	3,072,470	3,176,769	3,281,633	3,391,808
Pre-premium	389,737	356,967	326,231	297,642	271,539
Asbestos related - common law	979,860	972,720	966,280	956,480	944,300

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
EXPENSES					
Employee benefits	70,347	69,516	64,435	64,741	65,520
Suppliers	33,700	33,563	31,433	31,931	32,297
Depreciation and amortisation	7,765	7,071	7,071	7,071	7,071
Claims payments	318,889	337,716	347,810	360,719	372,675
Claims - Movement in liabilities	187,744	65,003	67,823	67,342	72,899
Total expenses	618,445	512,869	518,572	531,804	550,462
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,797	1,001	1,018	1,035	1,053
Licence fees	16,173	15,776	16,045	16,317	16,595
Regulatory contributions	19,076	20,413	20,760	21,113	21,471
Interest	25,531	26,877	30,606	35,015	39,553
Grants received from portfolio department	72,956	69,726	67,886	68,581	68,463
Workers' compensation premium	475,635	450,400	461,000	471,500	482,300
Other non-tax revenue ¹	8,825	(10,014)	(6,854)	(7,208)	(6,374)
Total own-source revenue	619,993	574,179	590,461	606,353	623,061
Net cost of/(contribution by) services	(1,548)	(61,310)	(71,889)	(74,549)	(72,599)
Revenue from Government	7,563	7,727	6,194	6,235	6,279
Surplus/(deficit) attributable to the Australian Government	9,111	69,037	78,083	80,784	78,878
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	9,111	69,037	78,083	80,784	78,878
Total comprehensive income/(loss) attributable to the Australian Government	9,111	69,037	78,083	80,784	78,878

¹ This relates to non-cash movements in workers' compensation claims liabilities and asbestos-related claims liabilities.

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	617,147	765,588	913,435	1,065,761	1,231,021
Trade and other receivables	2,862,325	2,847,291	2,837,831	2,827,742	2,820,361
Other financial assets	8,174	8,174	8,174	8,174	8,174
Total financial assets	3,487,646	3,621,053	3,759,440	3,901,677	4,059,556
Non-financial assets					
Property, plant and equipment	13,112	13,771	23,980	27,509	22,138
Intangibles	7,713	4,083	103	903	503
Other non-financial assets	1,221	1,221	1,221	1,221	1,221
Total non-financial assets	22,046	19,075	25,304	29,633	23,862
Total assets	3,509,692	3,640,128	3,784,744	3,931,310	4,083,418
LIABILITIES					
Payables					
Suppliers	9,562	9,562	9,562	9,562	9,562
Other payables	6,255	6,255	6,255	6,255	6,255
Total payables	15,817	15,817	15,817	15,817	15,817
Provisions					
Employee provisions	16,925	16,465	17,781	19,102	20,440
Other provisions	4,342,044	4,403,903	4,469,120	4,533,581	4,605,473
Total provisions	4,358,969	4,420,368	4,486,901	4,552,683	4,625,913
Total liabilities	4,374,786	4,436,185	4,502,718	4,568,500	4,641,730
Net assets	(865,094)	(796,057)	(717,974)	(637,190)	(558,312)
EQUITY					
Parent entity interest					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Retained surplus (accumulated deficit)	(872,811)	(803,774)	(725,691)	(644,907)	(566,029)
Total parent entity interest	(865,094)	(796,057)	(717,974)	(637,190)	(558,312)
Total Equity	(865,094)	(796,057)	(717,974)	(637,190)	(558,312)

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015–16)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	(872,811)	-	-	7,717	(865,094)
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(872,811)	-	-	7,717	(865,094)
Comprehensive income					
Surplus/(deficit) for the period	69,037	-	-	-	69,037
Total comprehensive income	69,037	-	-	-	69,037
Estimated closing balance as at 30 June 2016					
	(803,774)	-	-	7,717	(796,057)
Less: non-controlling interests	-	-	-	-	-
Closing balance attributable to the Australian Government	(803,774)	-	-	7,717	(796,057)

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,563	7,727	6,194	6,235	6,279
Sale of goods and rendering of services	37,046	37,190	37,821	38,466	39,119
Interest	25,531	26,876	30,606	35,015	39,553
Grants received from portfolio department	72,956	69,726	67,886	68,581	68,465
Other	475,635	450,400	461,000	471,500	482,299
Total cash received	618,731	591,919	603,507	619,797	635,715
Cash used					
Employees	68,908	68,099	63,122	63,424	64,183
Suppliers	33,703	33,563	31,428	31,928	31,297
Net GST paid	1	-	-	-	-
Other	318,889	337,716	347,810	360,719	372,675
Total cash used	421,501	439,378	442,360	456,071	469,155
Net cash from/(used by) operating activities	197,230	152,541	161,147	163,726	166,560
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,400	4,100	13,300	11,400	1,300
Total cash used	2,400	4,100	13,300	11,400	1,300
Net cash from/(used by) investing activities	(2,400)	(4,100)	(13,300)	(11,400)	(1,300)
Cash and cash equivalents at the beginning of the reporting period	422,317	617,147	765,588	913,435	1,065,761
Cash and cash equivalents at the end of the reporting period	617,147	765,588	913,435	1,065,761	1,231,021

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	2,400	4,100	13,300	11,400	1,300
TOTAL	2,400	4,100	13,300	11,400	1,300
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,400	4,100	13,300	11,400	1,300
Total cash used to acquire assets	2,400	4,100	13,300	11,400	1,300

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015–16)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015			
Gross book value	32,824	19,810	52,634
Accumulated depreciation/amortisation and impairment	(19,712)	(12,097)	(31,809)
Opening net book balance	13,112	7,713	20,825
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase	4,100	-	4,100
Total additions	4,100	-	4,100
Other movements			
Depreciation/amortisation expense	(3,441)	(3,630)	(7,071)
Total other movements	(3,441)	(3,630)	(7,071)
As at 30 June 2016			
Gross book value	36,924	19,810	56,734
Accumulated depreciation/amortisation and impairment	(23,153)	(15,727)	(38,880)
Closing net book balance	13,771	4,083	17,854

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)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
EXPENSES					
Suppliers	132	132	132	132	132
Total expenses administered on behalf of Government	132	132	132	132	132
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Other revenue	132	132	132	132	132
Total own-source revenue administered on behalf of Government	132	132	132	132	132
Net cost of/(contribution by) service:	-	-	-	-	-
Surplus/(deficit)	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-

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)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
ASSETS					
Financial assets					
Taxation receivables	11	11	11	11	11
Trade and other receivables	1,304	1,304	1,304	1,304	1,304
Total financial assets	1,315	1,315	1,315	1,315	1,315
Total assets administered on behalf of Government	1,315	1,315	1,315	1,315	1,315
LIABILITIES					
Payables					
Other payables	111	111	111	111	111
Total payables	111	111	111	111	111
Total liabilities administered on behalf of Government	111	111	111	111	111
Net assets/(liabilities)	1,204	1,204	1,204	1,204	1,204

Prepared on Australian Accounting Standards basis.

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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	132	132	132	132	132
Total cash received	132	132	132	132	132
Cash used					
Other	132	132	132	132	132
Total cash used	132	132	132	132	132
Net cash from/(used by) operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Special accounts	132	132	132	132	132
Total cash from Official Public	132	132	132	132	132
Cash to Official Public Account for:					
- Special accounts	132	132	132	132	132
- Transfers to other entities	-	-	-	-	-
Total cash to Official Public Account	132	132	132	132	132
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

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

Table 3.2.11: Statement of administered asset movements (Budget year 2015–16)

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

3.2.4 Notes to the financial statements

Accounting policy

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

The statements have been prepared:

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

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 Seacare Authority and some of Comcare's regulatory activities.

Own source revenue

Comcare receives the following own-source revenue:

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

Workers' compensation premiums

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

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

Grants received from portfolio department

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

Other non-tax revenue

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

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

Administration expenses

Comcare administration expenses include:

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

Claims expenses

Comcare recognises two types of claims expenses:

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

Departmental Balance Sheet

Cash and cash equivalents

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

Trade and other receivables

Other receivables are the combined value of:

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

Employee provisions

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

Other provisions

Provision is made for:

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

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

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