

**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 nationally through healthy and safe workplaces that minimise the impact of harm.

In addition to 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 is ensuring that the delivery of strategic priorities are articulated through its corporate plan, and that Comcare continues to be an efficient and effective regulator, a cost effective national insurer, and an adaptable organisation, demonstrating leadership in identifying and delivering strategies to minimise harm in the workplace.

Comcare's national strategic priorities in 2016-17 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
- driving innovation and transformation of workplace initiatives through collaboration with stakeholders
- 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 policy and operations
- successful business – ensuring Comcare's capability supports the vision and obligations of the organisation.

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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. This is achieved using Comcare's Active Management Model and continuing work on the Health Benefits of Work Initiative.
- 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 the management of claims.

Comcare is committed to delivering regulation consistent with the Australian Government's Regulator Performance Framework.

Comcare's strategic direction and priority actions are clear and in alignment to ensure the coherence, capability and adaptability of an organisation going forward.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to Comcare 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 please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' table 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 2016–17 as at Budget May 2016

	2015–16 <i>Estimated actual</i> \$'000	2016–17 Estimate \$'000
Opening Balance/Cash Reserves at 1 July	677,619	797,981
Funds from Government		
Annual appropriations - ordinary annual services (a)		
Outcome 1	7,727	6,119
<i>Total departmental annual appropriations</i>	<i>7,727</i>	<i>6,119</i>
Amounts Received From Related Entities		
Amounts from portfolio department (b)	63,809	63,748
<i>Total amounts received from related entities</i>	<i>63,809</i>	<i>63,748</i>
Total Funds from Government	71,536	69,867
Funds from Industry Sources		
Licence Fees	17,249	17,249
Total Funds from Industry Sources	17,249	17,249
Funds from Other Sources		
Interest	25,816	29,712
Sale of Goods and Services	1,267	1,773
Regulatory Contributions	18,591	18,613
Workers Compensation Premiums	413,505	405,400
Total Funds from Other Sources	459,179	455,498
Total net resourcing for Comcare	1,225,583	1,340,595
	2015–16	2016–17
Average staffing level (number)	626	652

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

(a) Appropriation Bill (No.1) 2016–17.

(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

Part 1: Measures announced since the 2015–16 MYEFO

	Program	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000
Revenue measures						
Asbestos Safety Assurance Model - extension and cost recovery	1.1					
Administered revenues		nfp	nfp	nfp	nfp	nfp
Departmental revenues		nfp	nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp	nfp
Total revenue measures						
Administered		nfp	nfp	nfp	nfp	nfp
Departmental		nfp	nfp	nfp	nfp	nfp
Total		nfp	nfp	nfp	nfp	nfp
Expense measures						
Asbestos Safety Assurance Model - extension and cost recovery	1.1					
Administered expenses		-	nfp	nfp	nfp	nfp
Departmental expenses		-	nfp	nfp	nfp	nfp
Total		-	nfp	nfp	nfp	nfp
Seacare scheme - cost recovery arrangements	1.1					
Administered expenses		-	nfp	nfp	nfp	nfp
Departmental expenses		-	nfp	nfp	nfp	nfp
Total		-	nfp	nfp	nfp	nfp
Total expense measures						
Administered		-	nfp	nfp	nfp	nfp
Departmental		-	nfp	nfp	nfp	nfp
Total		-	nfp	nfp	nfp	nfp

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Part 2 Other measures not previously reported in a portfolio statement

	Program	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000
Measures						
Public Sector Superannuation Accumulation Plan administration fees(a)	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		-	(61)	(61)	(61)	(61)
Total		-	(61)	(61)	(61)	(61)
Administered		-	-	-	-	-
Departmental		-	(61)	(61)	(61)	(61)
Total		-	(61)	(61)	(61)	(61)

(a) This measure was first published in the 2014–15 Mid-Year Economic and Fiscal Outlook.

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

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.

Comcare's outcome is described below, together with its program components, specifying the performance indicators and targets used to assess and monitor the performance of Comcare in achieving government outcomes.

Note:

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced commonwealth performance framework. 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 from October 2016 – to provide an entity's complete performance story.

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

2.1 BUDGETED EXPENSES AND PERFORMANCE 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: Budgeted expenses for Outcome 1

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
Program 1.1: Comcare Departmental					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	7,727	6,119	6,160	6,198	6,241
Grants received from portfolio department	63,809	63,748	60,833	61,040	60,236
Revenues from industry sources	17,249	17,249	17,335	17,422	17,510
Revenues from other independent sources	398,486	398,471	409,217	423,693	440,530
Revenues from other independent sources (a)	(10,973)	(15,784)	(11,179)	(10,900)	(10,217)
Total expenses for Program 1.1	476,298	469,803	482,366	497,453	514,300
Outcome 1 totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	7,727	6,119	6,160	6,198	6,241
Payment from related entities	63,809	63,748	60,833	61,040	60,236
Revenues from industry sources	17,249	17,249	17,335	17,422	17,510
Revenues from other independent sources	398,486	398,471	409,217	423,693	440,530
Revenues from other independent sources (a)	(10,973)	(15,784)	(11,179)	(10,900)	(10,217)
Total expenses for Outcome 1	476,298	469,803	482,366	497,453	514,300
	2015–16	2016–17			
Average staffing level (number)	626	652			

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

Table 2.1.2: Program component expenses

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
1.1 - Work Health, Safety and Rehabilitation Regulation					
Annual departmental expenses:					
Annual Appropriation	2,164	739	744	748	753
Expenses not requiring appropriation in the Budget year	26,217	27,373	27,360	27,554	27,487
Total component 1.1 expenses	28,381	28,112	28,104	28,302	28,240
1.2 - Comcare Workers' Compensation Scheme Management					
Expenses not requiring appropriation in the Budget year	7,981	8,559	8,557	8,618	8,599
Total component 1.2 expenses	7,981	8,559	8,557	8,618	8,599
1.3 - SRCC and Seacare Authority Support					
Annual departmental expenses:					
Annual Appropriation	388	361	364	366	369
Expenses not requiring appropriation in the Budget year	5,650	4,743	4,739	4,773	4,759
Total component 1.3 expenses	6,038	5,104	5,103	5,139	5,128
1.4 - Premium Claims					
Annual departmental expenses:					
Annual Appropriation	261	207	208	210	211
Expenses not requiring appropriation in the Budget year	404,601	404,523	416,133	431,241	448,821
Total component 1.4 expenses	404,862	404,730	416,341	431,451	449,032
1.5 - Pre-Premium Claims					
Grants received from portfolio department	35,174	33,703	32,517	31,253	29,486
Expenses not requiring appropriation in the Budget year	(31,877)	(30,538)	(28,900)	(26,801)	(24,387)
Total component 1.5 expenses	3,297	3,165	3,617	4,452	5,099
1.6 - Asbestos Claims					
Annual departmental expenses:					
Annual Appropriation	4,914	4,812	4,844	4,874	4,908
Grants received from portfolio department	28,635	30,045	28,317	29,787	30,750
Expenses not requiring appropriation in the Budget year	(7,810)	(14,724)	(12,517)	(15,170)	(17,456)
Total component 1.6 expenses	25,739	20,133	20,644	19,491	18,202
Total program expenses	476,298	469,803	482,366	497,453	514,300

Table 2.1.3: Performance criteria for Comcare Outcome 1

Table 2.1.3 below details the performance criteria for each program component associated with Outcome 1. It also summarises how each program is delivered.

Outcome 1—Support participation and productivity through healthy and safe workplaces that minimise the impact of harm in workplaces covered by Comcare.		
Program Component 1.1—Work Health, Safety and Rehabilitation Regulation		
This program component contributes to the outcome by achieving compliance with the SRC Act and the WHS Act and regulations, in addition to leading continuous improvements in work health and safety and rehabilitation outcomes.		
Delivery	Comcare will undertake high quality compliance activities by creating a regulatory blue print to improve regulatory intelligence and assist in developing risk based regulation whilst providing high quality compliance activities.	
Purpose	Having a positive impact on reducing injury and harm in the workplace.	
Performance information ¹		
Year	Performance criteria	Targets
2015–16	Achievement of the Australian Work Health and Safety Strategy 2012–2020 targets and initiatives Compliance with the consistent Approval Framework for Workplace Rehabilitation Providers by workplace rehabilitation program providers approved by Comcare Achievement of Regulator Performance Framework requirements	Conduct a range of proactive and reactive inspections to ensure compliance with the WHS Act A range of campaign programs, audits, national seminars and proactive inspections have been delivered Compliance activities/ inspections have been delivered under the regulatory model. Some instances of non-compliance have been detected and Comcare is taking action against relevant organisations Comcare has developed and implemented its Regulator Performance Framework
2016–17	As per 2015–16	Percentage number of assessed workplaces and providers demonstrating compliance at the first time of assessment and on subsequent assessments Qualitative evaluation of the consistency of compliance activities Percentage number of activities that comply with Comcare’s internal and statutory requirements of investigations, inspections, authorisations and assessments of notifications
2017–18 and beyond	As per 2016–17	As per 2016–17

¹ New or modified performance criteria that reflect new or materially changed programs are shown in underlined italics.

Program Component 1.2—Comcare Workers’ Compensation Scheme Management		
National leader in the design, implementation and management of a scheme that improves work health and safety and rehabilitation outcomes.		
Delivery	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 scheme management, regulatory functions and develop innovative policies and programs.	
Purpose	Provide a national workers’ compensation scheme that is fair, sustainable and better practice.	
Performance information		
Year	Performance criteria	Targets
2015–16	Return to Work across scheme participants (i.e. the proportion of injured workers with 10 or more days off work for any period of time at some stage since they had their first day off work).	Achieved target of 90% in quarter 1 and 95% in quarter 2
	Current return to work (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).	Achieved target of 90% in quarter 1 and 95% in quarter 2
	Employer satisfaction with scheme management.	Survey to be conducted in quarters 3 and 4 of 2015–16.
2016–17	As per 2015–16	As per 2015–16
2017–18 and beyond	As per 2016–17	As per 2016–17

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<p>Program Component 1.3—Safety, Rehabilitation and Compensation Commission and Seafarers Safety, Rehabilitation and Compensation Authority Support.</p> <p>Providing high quality advice and assistance to the SRCC and the Seacare Authority enabling their responsibilities to be met and deliver the government’s direction.</p>		
Delivery	Provide advice to the SRCC and the Seacare Authority enabling review and improvement of the framework and content of the regulatory model.	
Purpose	Support the SRCC and the Seacare Authority to achieve the government’s direction and strategic initiatives.	
Performance information		
Year	Performance criteria	Targets
2015–16	SRCC satisfaction of support provided by Comcare.	Satisfied
	Seacare Authority satisfaction of support provided by Comcare.	Satisfied
2016–17	As per 2015–16.	Percentage and number of Commissioners and Members satisfied with the quality of support provided.
		Qualitative evaluation using structured interviews with Commissioners and Members.
2017–18 and beyond	As per 2016–17	As per 2016–17

Program Component 1.4—Premium Claims		
Delivery	Responsive, relevant and cost effective services supported by the timely management of workers' compensation claims.	
Purpose	The management of all claims and liabilities for the Commonwealth and the ACT Government's workers' compensation scheme.	
Performance information		
Year	Performance criteria ¹ (a)	Targets
2015–16	Funding Ratio (i.e. the percentage of premium-related total assets to premium-related liabilities).	Target 75% Achieved 81%
	Commonwealth Average premium rate	Target 2.04% Achieved to date
	Claims continuance rate (i.e. the percentage of claims with four weeks incapacity that continued to 13 weeks or more of incapacity)	Target 57% Achieved to date
	Current return to work (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)	Target 90% Results available quarter four
	Injured worker satisfaction with services as part of the Comcare index	Target 85% Results available in quarter 4
	Timeliness of claims determination (i.e. percentage of new claims determined within 20 calendar days for injury claims and 60 days for disease claims)	Target 100% Achieved 88%
	Timeliness of determined claims payment (i.e. percentage of non-incapacity items paid or rejected within seven calendar days for reimbursement to employees or trustees, and 28 calendar days for other payments)	Target 100% Achieved 65%
2016–17	<u>Scheme is fully funded by 1 July 2020 (i.e. the percentage of premium-related assets to premium-related liabilities)</u>	<u>Target 85% or higher by 1 July 2017</u>
	<u>Scheme liability is reduced by \$1 billion by 1 July 2018</u>	<u>Target \$2.3 billion or lower by 1 July 2017</u>
	<u>Premiums are at an optimal level (ie average premiums as a percentage of payroll)</u>	<u>Target 1.3% or lower by 1 July 2017</u>
	<u>Reduced administration costs</u>	<u>Target 21% or lower by 1 July 2017</u>

¹ New or modified performance criteria that reflect new or materially changed programs are shown in underlined italics.

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Program Component 1.4—Premium Claims		
	<u>Early return to work of employees (ie percent and number of employees on reduced income continuance. Reported by time period: 4, 13, 26 and 52 weeks)</u>	<u>Reduction in trends over time</u>
	<u>Satisfaction with services (ie percentage and number of employers and employees satisfied with the quality of services provided to case managers in agencies)</u>	<u>Target 85% or higher</u>
	<u>Timely processing of claims</u>	<u>Target 100%</u>
	<u>Accurate processing of claims (ie percentage and number of sampled payments processed in accordance with agreed standards)</u>	<u>Target 100%</u>
	<u>Reasonable cost to process claims (ie average cost per claim processed)</u>	<u>Reduction in trends over time</u>
2017–18 and beyond	Scheme is fully funded by 1 July 2020 (i.e. the percentage of premium-related assets to premium-related liabilities)	<u>Target 90% or higher by 1 July 2018</u>
	Scheme liability is reduced by \$1 billion by 1 July 2018	<u>Target \$1.9 billion or lower by 1 July 2018</u>
	Premiums are at an optimal level (ie average premiums as a percentage of payroll)	<u>Target 1.1% or lower by 1 July 2018</u>
	Reduced administration costs	<u>Target 20% or lower by 1 July 2018</u>
	Early return to work of employees (ie percent and number of employees on reduced income continuance. Reported by time period: 4, 13, 26 and 52 weeks)	Reduction in trends over time
	Satisfaction with services (ie percentage and number of employers and employees satisfied with the quality of services provided to case managers in agencies)	Target 85% or higher
	Timely processing of claims	Target 100%
	Accurate processing of claims (ie percentage and number of sampled payments processed in accordance with agreed standards)	Target 100%
	Reasonable cost to process claims (ie average cost per claim processed)	Reduction in trends over time
	<u>Maximise recoveries from third parties and debtors (ie percentage and dollar value of asbestos claims settlements recovered from third parties)</u>	<u>Target 10% or higher</u>

Program Component 1.5—Pre-premium Claims		
Proactive management of Pre-premium claims before 1 July 1989		
Delivery	Deliver a better practice compensation model.	
Purpose	The management of all claims and liabilities for the Commonwealth and the ACT Government's workers' compensation scheme, inclusive of the provision of an effective and sustainable pre-premium claims compensation model.	
Performance information		
Year	Performance criteria	Targets
2015–16	Timeliness of determined claims payment (i.e. percentage of non-incapacity items paid or rejected within seven calendar days for reimbursement to employees or trustees, and 28 calendar days for other payments).	Target 100% Achieved 65%
2016–17	Timely processing of claims	Target 100%
	Timeliness of accurate processing of payments (ie percentage and number of sampled payments processed in accordance with agreed standards)	Target 100%
2017–18 and beyond	As per 2016–17	As per 2016–17.
Program Component. 1.6—Asbestos Claims		
Delivery	Proactive management of asbestos claims and recoveries from third parties	
Purpose	Managing the Commonwealth's asbestos-related claims and liabilities under the <i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005 (ARC Act)</i>	
Performance information		
Year	Performance criteria	Targets
2015–16	Timeliness of claims resolution (i.e. percentage of primary asbestos claims resolved within 180 calendar days).	Target 80% Achieved to date
	Third party recovery rate (i.e. percentage of the value of asbestos claims settlements recovered from third parties)	Target 10% Achieved to date
2016–17	As per 2015–16	As per 2015–16
2017–18 and beyond	As per 2016–17	As per 2016–17
Material changes to Program 1.1 resulting from the following measures:		
Nil		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016–17 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 3.2.1: Comprehensive Income Statement is due to prior year amounts available in 2016–17, 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 2016–17 is budgeted at \$520.7 million, compared to \$529.2 million in 2015–16 (a decrease of \$8.5 million, Table 3.1).

Revenue from independent sources, which excludes annual appropriations and other cash and non-cash appropriations received from the portfolio department, is budgeted at \$536.5 million for 2016–17 (Table 3.1).

The decrease in revenue is mainly due to the expected reduction in premium revenue. The key factors contributing to a lower level of premium in 2016–17 include a notable reduction in employee numbers, and a lower additional margin in response to an improved funding ratio of the scheme.

Expenses

Comcare's total expenses in 2016–17 are budgeted at \$469.8 million, compared to \$476.3 million in 2015–16 (a decrease of \$6.5 million) mainly due to the decrease in the movement of claims liabilities.

Claims expenses are budgeted to increase by \$3.8 million based on projections provided by an independent actuarial assessment. The movement in outstanding claims liabilities is estimated to be \$12.5 million less in 2016–17 than in 2015–16 (\$32.3 million in 2016–17 compared to \$44.8 million in 2015–16, Table 3.1).

Comcare’s administration expenses are budgeted to increase in 2016–17 by \$2.1 million (from \$110.6 million to \$112.7 million) reflecting additional project expenditure to improve the efficiency of Comcare operations.

Operating Result

Comcare’s operating result for 2016–17 is budgeted at a surplus of \$57.0 million. This, along with budgeted surpluses over forward years will continue to contribute to restoring the premium scheme’s financial health.

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 2016–17 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.

Program 1 components

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Workers' compensation liabilities					
Premium	2,941,277	2,924,666	3,002,410	3,083,092	3,170,554
Pre-premium	336,514	308,490	280,579	255,041	231,763
Asbestos related - common law	1,066,520	1,047,900	1,032,220	1,013,320	992,040

3.2.1 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
EXPENSES					
Employee benefits	73,798	69,189	68,649	67,965	67,290
Suppliers	30,097	36,824	37,007	37,180	37,368
Depreciation and amortisation	6,673	6,681	7,009	8,320	8,556
Claims Payments	320,954	324,769	332,861	344,497	354,908
Claims - Movement in liabilities	44,776	32,340	36,840	39,491	46,178
Total expenses	476,298	469,803	482,366	497,453	514,300
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	1,267	1,773	1,789	1,805	1,822
Licence Fees	17,249	17,249	17,335	17,422	17,510
Regulatory Contributions	18,591	18,613	18,706	18,801	18,895
Interest	25,816	29,712	31,427	33,888	36,181
Grants Received from Portfolio Department	63,809	63,748	60,833	61,040	60,236
Workers Compensation Premium	413,505	405,400	415,500	425,500	435,500
Other Non-tax Revenue (a)	(10,973)	(15,784)	(11,179)	(10,900)	(10,217)
Total own-source revenue	529,264	520,711	534,411	547,556	559,927
Net (cost of)/contribution by services	(52,966)	(50,908)	(52,045)	(50,103)	(45,627)
Revenue from Government	7,727	6,119	6,160	6,198	6,241
Surplus/(deficit) attributable to the Australian Government	60,693	57,027	58,205	56,301	51,868
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	60,693	57,027	58,205	56,301	51,868
Total comprehensive income/(loss) attributable to the Australian Government	60,693	57,027	58,205	56,301	51,868

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

Prepared on an Australian Accounting Standards Basis.

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

Note: Impact of net cash appropriation arrangements

	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	60,693	57,027	58,205	56,301	51,868
less depreciation/amortisation expenses previously funded through revenue appropriations (b)	-	-	-	-	-
Total comprehensive income/(loss) —as per the statement of comprehensive income	60,693	57,027	58,205	56,301	51,868

(b) From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	772,174	872,106	975,334	1,090,429	1,207,426
Trade and other receivables	2,932,950	2,912,664	2,896,784	2,882,637	2,869,146
Other financial assets	12,808	12,808	12,808	12,808	12,808
Total financial assets	3,717,932	3,797,578	3,884,926	3,985,874	4,089,380
Non-financial assets					
Property, plant and equipment	10,866	20,229	24,375	17,770	12,269
Intangibles	5,248	2,504	2,749	2,334	468
Other non-financial assets	2,007	2,007	2,007	2,007	2,007
Total non-financial assets	18,121	24,740	29,131	22,111	14,744
Assets held for sale	-	-	-	-	-
Total assets	3,736,053	3,822,318	3,914,057	4,007,985	4,104,124
LIABILITIES					
Payables					
Suppliers	9,641	9,641	9,641	9,641	9,641
Other payables	13,931	13,931	13,931	13,931	13,931
Total payables	23,572	23,572	23,572	23,572	23,572
Provisions					
Employee provisions	16,402	17,802	19,197	20,580	21,947
Other provisions	4,344,774	4,372,612	4,404,751	4,440,995	4,483,899
Total provisions	4,361,176	4,390,414	4,423,948	4,461,575	4,505,846
Total liabilities	4,384,748	4,413,986	4,447,520	4,485,147	4,529,418
Net assets	(648,695)	(591,668)	(533,463)	(477,162)	(425,294)
EQUITY*					
Parent entity interest					
Contributed equity	7,717	7,717	7,717	7,717	7,717
Retained surplus (accumulated deficit)	(656,412)	(599,385)	(541,180)	(484,879)	(433,011)
Total parent entity interest	(648,695)	(591,668)	(533,463)	(477,162)	(425,294)
Total equity	(648,695)	(591,668)	(533,463)	(477,162)	(425,294)

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2016–17)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	(656,412)	-	7,717	(648,695)
Adjustment for changes in accounting policies	-	-	-	-
Adjusted opening balance	(656,412)	-	7,717	(648,695)
Comprehensive income				
Other comprehensive income	-	-	-	-
Surplus/(deficit) for the period	57,027	-	-	57,027
Total comprehensive income	57,027	-	-	57,027
Estimated closing balance as at 30 June 2017	(599,385)	-	7,717	(591,668)
Less: non-controlling interests	-	-	-	-
Closing balance attributable to the Australian Government	(599,385)	-	7,717	(591,668)

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,727	6,119	6,160	6,198	6,241
Sale of goods and rendering of services	37,108	37,635	37,830	38,028	38,227
Interest	25,815	29,712	31,427	33,888	36,181
Grants Received from Portfolio Agencies	63,809	63,748	60,833	61,040	60,236
Other	458,765	449,653	460,784	471,781	482,951
Total cash received	593,224	586,867	597,034	610,935	623,836
Cash used					
Employees	72,449	67,789	67,254	66,582	65,923
Suppliers	55,906	36,824	37,007	37,180	37,368
Net GST paid	45,260	44,253	45,284	46,281	47,451
Cash Used - Other	320,954	324,769	332,861	344,497	354,908
Total cash used	494,569	473,635	482,406	494,540	505,650
Net cash from/(used by) operating activities	98,655	113,232	114,628	116,395	118,186
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	4,100	13,300	11,400	1,300	1,189
Total cash used	4,100	13,300	11,400	1,300	1,189
Net cash from/(used by) investing activities	(4,100)	(13,300)	(11,400)	(1,300)	(1,189)
Cash and cash equivalents at the beginning of the reporting period	677,619	772,174	872,106	975,334	1,090,429
Cash and cash equivalents at the end of the reporting period	772,174	872,106	975,334	1,090,429	1,207,426

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	4,100	13,300	11,400	1,300	1,189
TOTAL	4,100	13,300	11,400	1,300	1,189
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,100	13,300	11,400	1,300	1,189
Total cash used to acquire assets	4,100	13,300	11,400	1,300	1,189

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

	Other property, plant and equipment \$'000	Computer softw are and intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	33,770	20,271	54,041
Accumulated depreciation/amortisation and impairment	(22,904)	(15,023)	(37,927)
Opening net book balance	10,866	5,248	16,114
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - other	13,300	-	13,300
Total additions	13,300	-	13,300
Other movements			
Depreciation/amortisation expense	(3,937)	(2,744)	(6,681)
Total other movements	(3,937)	(2,744)	(6,681)
As at 30 June 2017			
Gross book value	47,070	20,271	67,341
Accumulated depreciation/ amortisation and impairment	(26,841)	(17,767)	(44,608)
Closing net book balance	20,229	2,504	22,733

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)

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
EXPENSES					
Suppliers	155	155	155	155	155
Total expenses administered on behalf of Government	155	155	155	155	155
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other revenue	155	155	155	155	155
Total non-taxation revenue	155	155	155	155	155
Total own-source revenue administered on behalf of Government	155	155	155	155	155
Total own-sourced income administered on behalf of Government	155	155	155	155	155
Net cost of/(contribution by) services	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
ASSETS					
Financial assets					
Taxation receivables	9	9	9	9	9
Trade and other receivables	1,138	1,138	1,138	1,138	1,138
Total financial assets	1,147	1,147	1,147	1,147	1,147
Total assets administered on behalf of Government					
	1,147	1,147	1,147	1,147	1,147
LIABILITIES					
Payables					
Other payables	14	14	14	14	14
Total payables	14	14	14	14	14
Total liabilities administered on behalf of Government					
	14	14	14	14	14
Net assets/(liabilities)	1,133	1,133	1,133	1,133	1,133

Prepared on Australian Accounting Standards basis.

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

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000	2019–20 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Other	155	155	155	155	155
Total cash received	155	155	155	155	155
Cash used					
Other	155	155	155	155	155
Total cash used	155	155	155	155	155
Net cash from/(used by) operating activities					
	-	-	-	-	-
Net increase/(decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

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

Table 3.11: Statement of administered asset movements (Budget year 2016-17)

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 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 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;
- 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:

- Claims payments – includes workers' compensation claims payments (premium and pre-premium) and common law settlements for asbestos-related compensation cases.
- 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.