

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

Section 1: Agency Overview	177
Section 2: Agency Resources for 2007-08.....	179
2.1 Appropriations and other resources	179
2.2 2007-08 Budget measures	181
2.3 Other resources available to be used.....	181
2.4 Movement of administered funds from 2005-06 to 2007-08.....	182
2.5 Special appropriations	182
2.6 Special accounts.....	183
2.7 Administered Capital and Departmental Equity Injections and Loans	183
Section 3: Agency Outcomes	184
3.1 Summary of outcomes, and contribution to outcomes	184
3.2 Outcomes – departmental and administered.....	186
3.3 Outcomes and performance	186
Section 4: Other reporting requirements	193
4.1 Purchaser-provider arrangements.....	193
4.2 Cost recovery arrangements	193
4.3 Australian Government Indigenous Expenditure (AGIE).....	195
Section 5: Budgeted financial statements	196
5.1 Analysis of budgeted financial statements	196
5.2 Budgeted financial statements tables.....	200
5.3 Notes to the financial statements	212

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

Section 1: Agency Overview

Comcare

Comcare works in partnership with its customers to reduce the human and financial costs of workplace injuries and disease through:

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

The Safety, Rehabilitation and Compensation Commission

The Safety, Rehabilitation and Compensation Commission (SRCC) seeks improvement in occupational health and safety, rehabilitation and workers compensation in the Commonwealth jurisdiction by:

- setting targets to improve health and safety standards in workplaces;
- monitoring performance in relation to occupational health and safety, rehabilitation and compensation; and
- providing advice to the Minister on issues relating to improving occupational health and safety, rehabilitation and workers compensation.

The Seafarers Safety, Rehabilitation and Compensation Authority

The Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority) aims to minimise the human and financial costs of workplace injury in the Australian maritime industry. The Seacare Authority pursues this objective by:

- working with the industry to provide safe and healthy workplaces;
- promoting a fair, efficient and effective scheme of rehabilitation, return to work and compensation for maritime industry employees including managing efficiently the Seafarers Safety Net Fund; and
- providing advice to the Minister on issues relating to improving occupational health and safety, rehabilitation and workers compensation.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1 Safe and healthy workplaces, and cost effective and fair compensation	<p>Comcare:</p> <ul style="list-style-type: none"> • contributes to reducing the frequency and duration of work related injury and disease through the provision of cost effective and fair OHS, Workers compensation and rehabilitation services • in conjunction with the Safety, Rehabilitation and Compensation Commission, and the Seacare Authority, regulates the Commonwealth (including licensed self insurers) and Seacare statutory schemes, and • manages the Commonwealth's common law liabilities for asbestos related diseases 	<p>Output 1.1 <i>SRC Act</i> regulation Output 1.2 <i>OHS Act</i> regulation Output 1.3 Management of premium claims Output 1.4 Management of pre-premium claims Output 1.5 <i>Seafarers Act</i> regulation Output 1.6 Management of common law asbestos claims</p>

Section 2: Agency Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total appropriation for Comcare in the 2007-08 Budget is \$107.3 million. For reporting purposes, this is adjusted by an amount for the expected movement in outstanding liabilities to provide a net figure of \$147.7 million. (The expected movement in net outstanding workers compensation claims liabilities is a \$33.5 million non-cash adjustment based on an actuarial assessment prepared as at 31 December 2006. The expected movement in outstanding asbestos claims liabilities is a \$6.9 million non-cash adjustment based on an actuarial assessment prepared as at 30 June 2006).

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08 ('000)

Agency/Outcome/ Non-operating	Departmental				Administered					Total \$'000
	Appropriation	Appropriation	Special	Receipts	Appropriation	Appropriation Bill No. 2		Special	Receipts	
	Bill No. 1 \$'000	Bill No. 2 \$'000	Appropriation \$'000	(a) \$'000	Bill No. 1 \$'000	SPP \$'000	Other (b) \$'000	Appropriation \$'000	(a) \$'000	
Outcome 1										
Safe and healthy workplaces, and cost effective and fair compensation	5,787	-	101,530	248,908	-	-	-	-	280	356,505
Equity injections	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	5,787	-	101,530	248,908	-	-	-	-	280	356,505

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Income Statement for application of agency revenue.
- Administered receipts represent receipts for the Seafarers Safety, Rehabilitation and Compensation Authority.
- A non-cash movement in the outstanding claims liability (based on actuarial assessments as at 31 December 2006 and 30 June 2006) is not included in the above figures.

The movement is:

	2006-07	2007-08
Output 1.3 Management of premiums claims	\$62.8m	\$57.8m
Output 1.4 Management of pre-premium claims	(\$35.5m)	(\$24.3m)
Output 1.6 Management of common law asbestos claims	\$11.0m	\$ 6.9m
Total	\$38.3m	\$40.4m

2.2 2007-08 BUDGET MEASURES

Comcare has no budget measures for 2007-08.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Comcare for provision of goods or services. It includes resources received free of charge and resources from other General Government Sector agencies. Agency resources are approved for use by Comcare. Table 2.3 is prepared on an accrual basis and may differ from Table 2.1 which only records the appropriations and receipts from independent sources available to be used.

Table 2.3: Other resources available to be used

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Outcome 1		
Departmental resources		
Workers' compensation premiums	229,000	215,062
Regulatory contributions	9,539	11,189
Licence fees	3,637	7,675
Miscellaneous	3,417	982
Interest	13,500	14,000
Total departmental other resources available to be used	259,093	248,908
Administered other resources		
Seafarers Rehabilitation and Compensation Levy	280	280
Total administered other resources available to be used	280	280

Comcare undertakes cost recovery activities in the following areas:

- workers compensation premiums paid by Commonwealth entities and the Australian Capital Territory (ACT) Government;
- regulatory contributions paid by Commonwealth entities;
- licence fees paid by self insurers; and
- training and other cost recovered services.

In addition, the *Seafarers Rehabilitation and Compensation Levy Act 1992* provides for levy collections for the Seacare Authority to act in its reserve role as the Fund in accordance with the *Seafarers Rehabilitation and Compensation Act 1992* (the *Seafarers Act*).

Agency resources - Comcare

The Seacare Authority was prescribed as a *Financial Management and Accountability Act 1997* body by the Minister for Finance and Administration from 1 July 2003 to undertake the financial functions relating to the administration of the levy. The Fund is the safety net provider of rehabilitation and compensation entitlements under the *Seafarers Act*.

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2006-07 TO 2007-08

Comcare has no movement in administered funds between financial years.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Outcome	Note	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated expenses				
<i>Safety, Rehabilitation and Compensation Act 1988</i> Section 90B	1		53,313	67,050
<i>Asbestos-related Claims (Management of Commonwealth Liabilities Act) 2005</i> Section 8		1	21,361	34,480
Total estimated expenses			74,674	101,530

Payments through special appropriations are:

- liabilities under Part X of the *Safety, Rehabilitation and Compensation Act 1988* which relate to the so called "pre-premium" claims which run off the Commonwealth's liability established before the introduction of the premium scheme from 1 July 1989;
- settlement of common law claims arising from personal injury from asbestos related conditions where liability is found to rest with the Australian Government.

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected receipts (credits) and payments (debits) for each account used by the Seacare Authority.

Table 2.6: Estimates of special account flows and balances

Name of account	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		2007-08 2006-07	2007-08 2006-07	2007-08 2006-07	2007-08 2006-07	2007-08 2006-07
		\$'000	\$'000	\$'000	\$'000	\$'000
Special Account for Seafarers Rehabilitation and Compensation (A)	1	1,092	291	121		1,262
- <i>Seafarers' Rehabilitation and Compensation Act 1992</i>		935	295	138		1,092
Total special accounts						
2007-08 Budget estimate		1,092	291	121	-	1,262
Total special accounts						
2006-07 estimate actual		935	295	138	-	1,092

(A) = Administered

Transactions against this special account reflect:

- levy collections; and
- expenses incurred in administration of the Seafarers Safety Net Fund.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

Comcare has no administered capital or departmental equity injections or loans in the Commonwealth Budget for 2007-2008.

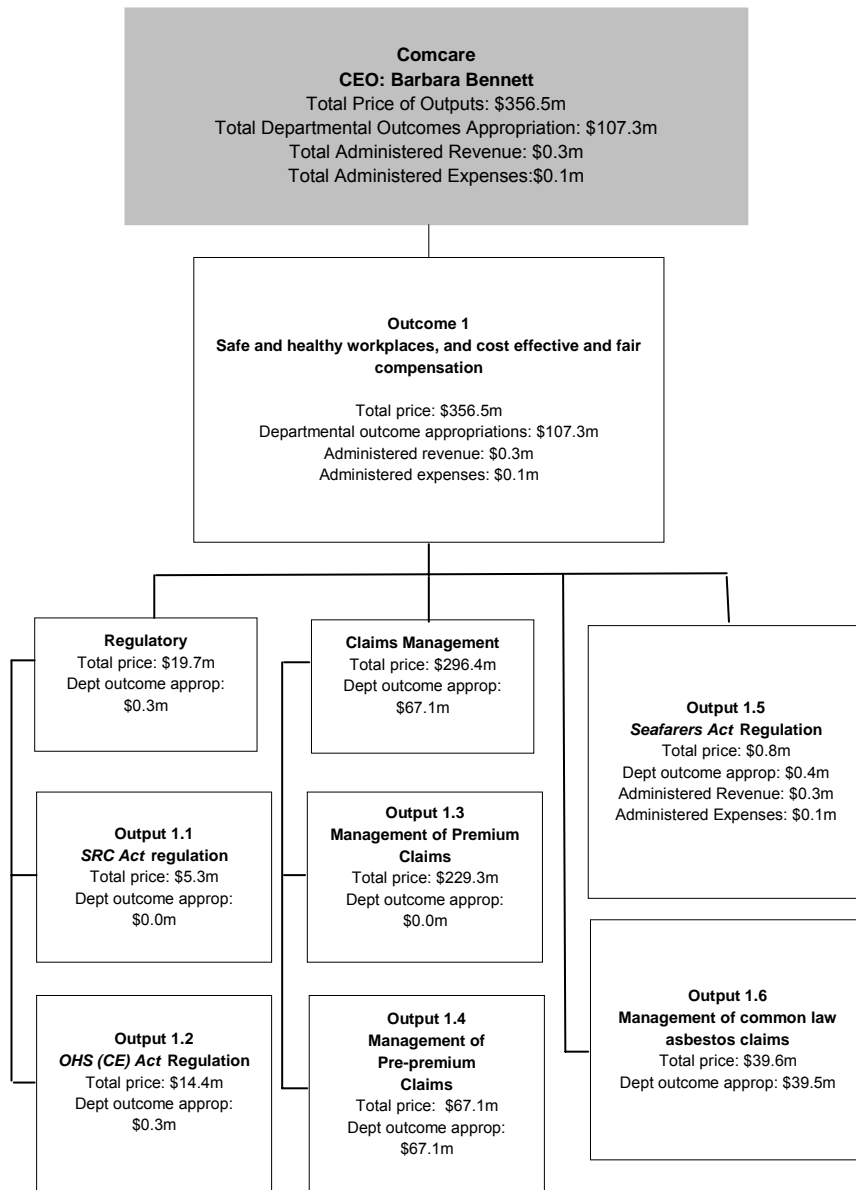
Section 3: Agency Outcomes

Comcare uses an activity based model for pricing its outputs. The model fully costs all activities, attributes organisational costs, and aids the development of appropriate costing and pricing models.

3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

The relationship between activities of Comcare and the outcomes is summarised in Figure 4. Administered revenues represent the receipt of levies received by the Seacare Authority which are transferred to the special account referred to in Section 2.6. Administered expenses represent payments from the special account for operational expenses of the Seafarers Safety Net Fund. These administered items are the responsibility of the Seacare Authority. The Chief Executive Officer and Chairperson of the Seacare Authority is Mr Geoff Gronow.

Figure 4: Contributions to outcomes



Note:

1. The total price does not include administered receipts.
2. A non-cash movement in the outstanding claims liability (based on actuarial assessments as at 31 December 2006 and 30 June 2006) is **not** included in the above figures. The movement is:

The movement is:

	2006-07	2007-08
Output 1.3 Management of premiums claims	\$62.8m	\$57.8m
Output 1.4 Management of pre-premium claims	(\$35.5m)	(\$24.3m)
Output 1.6 Management of common law asbestos claims	\$11.0m	\$ 6.9m
Total	\$38.3m	\$40.4m

3.2 OUTCOMES – DEPARTMENTAL

Comcare has a single outcome, “Safe and healthy workplaces, and cost effective and fair compensation”.

3.3 OUTCOMES AND PERFORMANCE - DEPARTMENTAL

Outcome 1 Description

Comcare

Comcare undertakes both regulatory and claims management activities, in accordance with the *Safety, Rehabilitation and Compensation Act 1988* (the *SRC Act*) and the *Occupational Health and Safety Act 1991* (the *OHS Act*). Comcare manages the settlement of common law claims arising from personal injury from asbestos related conditions where liability is found to rest with the Australian Government in accordance with the *Asbestos Related Claims (Management of Commonwealth Liabilities) Act 2005*.

Comcare’s regulatory activities cover the occupational health and safety and workers compensation functions for the Commonwealth jurisdiction (including self insured licensees). Comcare undertakes claims management in respect of premium paying agencies, including the Australian Capital Territory (ACT) Government. Claims management is provided for “pre-premium” claims (i.e. claims for Commonwealth agencies, excluding the Australian Defence Force (ADF) and some licensees, with a date of injury before July 1989).

Premium rates will be a key tool in assessing outcomes in 2007-08.

Comcare contributes to the Workplace Relations Ministers’ Council’s Comparative Performance Monitoring project, which provides a comparison of the Commonwealth, State and Territory schemes.

Key priorities in 2007-08 are:

- ensuring the continued financial viability of the premium scheme;
- ensuring active and cost effective management of workers compensation and common law asbestos claims;
- monitoring the effectiveness and financial viability of self insurance licences; and
- continuing to improve health and safety in the expanded jurisdiction by active regulation and by encouraging appropriate prevention and return to work activities.

The Safety, Rehabilitation and Compensation Commission

Comcare supports the Safety, Rehabilitation and Compensation Commission (the Commission) in exercising the Commission's functions and powers. Broadly, these relate to regulation under the *SRC Act* and the *OHS Act*.

The Commission participates in the national Comparative Performance Monitoring project and provides an annual report to Parliament.

Key priorities in 2007-08 are:

- implementing the National OHS Strategy;
- promoting OHS leadership and accountability;
- encouraging rehabilitation and return to work outcomes; and
- monitoring scheme, agency and self insurer performance.

The Seafarers Safety, Rehabilitation and Compensation Authority

The Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority) administers the *Seafarers Rehabilitation and Compensation Act 1992*, the *Occupational Health and Safety (Maritime Industry) Act 1993*, the *Seafarers Rehabilitation and Compensation Levy Act 1992*, and the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*. It performs the regulator role in relation to these Acts.

The Seacare Authority participates in the national Comparative Performance Monitoring project and provides an annual report to Parliament.

Key priorities in 2007-08 are:

- implementing the Seacare Authority OHS Strategy in support of the National Occupational Health and Safety Strategy;
- adopting declared National Occupational Health and Safety Commission OHS standards and codes of practice applicable to the maritime industry;
- examining key scheme cost drivers to determine opportunities for reducing cost pressures in the scheme;
- efficiently managing the Seafarers Safety Net Fund; and
- addressing issues arising from the review of the Seacare scheme.

Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome 1, including expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
from Special Accounts (estimated payments from Special Account balances)¹ to Seafarers Rehabilitation and Compensation Levy Collection Act 1992	125	110
Total Special Account outflows	125	110
Departmental appropriations		
Output 1.1 - SRC Act Regulation	-	-
Output 1.2 - OH&S Act Regulation	2,252	300
Output 1.3 - Management of premium claims ²	-	-
Output 1.4 - Management of pre-premium claims ²	53,313	67,050
Output 1.5 - Administration for the Seacare Authority	426	442
Output 1.6 - Management of asbestos related diseases ²	26,280	39,525
Total revenue from government (appropriations)	82,271	107,317
Contributing to price of departmental outputs	82,271	107,317
Revenue from other sources		
Administered Item - Output 1.5 - (to Special Account Seafarers Rehabilitation and Compensation Levy) ³	280	280
Output 1.1 SRC Act regulation	4,351	5,323
Output 1.2 OH&S Act regulation	9,081	14,113
Output 1.3 Premiums workers compensation	243,136	229,264
Output 1.5 Administration for the Seacare Authority	-	108
Output 1.6 Asbestos diseases management	2,525	100
Total revenue from other sources	259,373	249,188
Total price from departmental outputs (Total revenue from government and from other sources)	341,644	356,505
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	341,644	356,505
	2006-07	2007-08
Average staffing level (number)	392	442

Notes:

1. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.
2. A non-cash movement in the outstanding claims liability (based on actuarial assessments as at 31 December 2006 and 30 June 2006) is not included in the above figures.

3. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

The movement is:

	2006-07	2007-08
Output 1.3 Management of premiums claims	\$62.8m	\$57.8m
Output 1.4 Management of pre-premium claims	(\$35.5m)	(\$24.3m)
Output 1.6 Management of common law asbestos claims	\$11.0m	\$ 6.9m
Total	\$38.3m	\$40.4m

Measures affecting Outcome 1

Comcare has no budget measures for 2007-08.

Departmental outputs

Comcare

The outputs listed for Comcare for this financial year contribute to the achievement of the overall outcome by performance improvement and management in the areas of occupational health and safety, claims management and rehabilitation.

The outputs cover activities to be undertaken by Comcare (in both its regulatory and claims management roles) and overseen (as appropriate) by Comcare, the Safety, Rehabilitation and Compensation Commission and the Seafarers Safety, Rehabilitation and Compensation Authority. The two regulatory outputs (Outputs 1.1 and 1.2) cover the Commonwealth jurisdiction as a whole, including oversight of licensed self insurers under the *Safety Rehabilitation and Compensation Act 1988*.

To achieve these outputs, Comcare supports employers to develop safe and healthy workplaces, meet their duty of care and assist injured employees. This is done through a fully integrated service, monitoring performance across the jurisdiction and developing performance improvement strategies across its range of activities (Outputs 1.3 and 1.4).

Output 1.5 covers support activities for the regulation of the Seacare scheme of workers compensation, rehabilitation and occupational health and safety.

Output 1.6 represents the management of common law claims against the Australian Government by individuals seeking compensation as a result of direct or indirect exposure to asbestos.

Administered activities

The Seafarers Safety, Rehabilitation and Compensation Authority

The administered activity of the Seacare Authority is the collection of levies from relevant employers to fund eligible worker's compensation claims that cannot be met by the original employer.

Levies are held in a special account in the Consolidated Revenue Fund. Expenses associated with the administration of the Seafarers Safety Net Fund are also funded from the balance of levies held in the special account.

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to Comcare are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Impacts	Performance indicators
Safe and healthy workplaces, and cost effective and fair compensation	Lower average premium rates and effective claims management

Performance indicators for individual outputs

<p>Output 1.1 SRC Act Regulation</p>	<p><i>Quality/quantity/timeliness</i> Performance meets SRCC requirements</p> <p>Target: Satisfactory or above</p> <p>Price: \$5.3m</p>
<p>Output 1.2 OHS Act Regulation</p>	<p><i>Quality/quantity/timeliness</i> Incidence of workplace injuries</p> <p>Target: 40% reduction over the 10 years to 30 June 2012</p> <p>Incidence of work related fatalities</p> <p>Target: 0 for the 10 years to 30 June 2012</p> <p>Performance meets SRCC requirements</p> <p>Target: Satisfactory or above</p> <p>Price: \$14.4m</p>
<p>Output 1.3 Management of premium claims</p> <p>(Refer note 1)</p>	<p><i>Quality/quantity/timeliness</i> Total assets (including notional surplus) exceed total liabilities</p> <p>Premiums reflect sound actuarial assessment of costs of claims</p> <p>Average time for rehabilitation intervention</p> <p>Target: 90% reduction over the 10 years to 2012 Average weeks lost time per 1,000 employees</p> <p>Target: 40% reduction over the 10 years to 2012 Performance meets SRCC requirements</p> <p>Target: Satisfactory or above</p> <p>Price: \$229.3m</p>

Table 3.2: Performance information for Outcome 1 (cont)

Output 1.4 Management of pre-premium claims (Refer note 1)	<i>Quality/quantity/timeliness</i> Outstanding claims liabilities valuations reflect sound actuarial assessment of cost of claims Price: \$67.1m
Output 1.5 Regulation of the Seacare scheme of workers' compensation, rehabilitation and occupational health and safety	<i>Quality/quantity/timeliness</i> Incidence of workplace injuries Target: 40% reduction over the 10 years to 30 June 2012 Incidence of work related fatalities Target: 0 for the 10 years to 30 June 2012 Seacare scheme performance meets Seacare Authority requirements Target: Satisfactory or above Price: \$0.8m
Output 1.6 Management of common law asbestos claims	<i>Quality/quantity/timeliness</i> Level of satisfaction of the Minister with Comcare's administration of legislation Target: - Timeliness of the processing of claims - Accuracy of the processing of claims Price: \$39.6m

Note

1. A non-cash movement in the outstanding claims liability (based on actuarial assessments as at 31 December 2006 and 30 June 2006) is not included in the above figures.

The movement is:

	2006-07	2007-08
Output 1.3 Management of premiums claims	\$62.8m	\$57.8m
Output 1.4 Management of pre-premium claims	(\$35.5m)	(\$24.3m)
Output 1.6 Management of common law asbestos claims	\$11.0m	\$ 6.9m
Total	\$38.3m	\$40.4m

Evaluations for Outcome 1

Comcare will continue to evaluate its performance using internal and external audit services, customer surveys and consultations with stakeholders identified in table 3.2. Comcare will also evaluate its regulatory pricing methodologies, in consultation with key stakeholders.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

Comcare has no purchaser-provider arrangements to report.

4.2 COST RECOVERY ARRANGEMENTS

Some 66 per cent of Comcare's 2007-08 revenue is expected to be derived from cost recovery arrangements.

The cost recovery arrangements apply to workers compensation premiums, regulatory contributions, licence fees, and a small amount for training and claims management services.

Summary of cost recovery impact statement

Comcare has prepared a cost recovery impact statement for 2007-2008.

Description of cost recovery activity

The Cost Recovery Impact Statement (CRIS) results from a scheduled review of the Portfolio's cost recovery activity for 2006-07. The activity that qualifies for a CRIS is the self insurance licence scheme.

Section 100 of the *Safety, Rehabilitation and Compensation Act 1988 (SRC Act)* provides that the Minister may declare certain Commonwealth authorities or private sector corporations eligible to be granted a licence to self insure its workers compensation liabilities under the *SRC Act*.

Following that declaration the eligible corporation may apply to the Safety, Rehabilitation and Compensation Commission for a licence under section 102 of the *SRC Act*.

Comcare collects workers compensation premiums and regulatory contributions from other Commonwealth agencies and the ACT government. These are inter-government charges and have not been included in the CRIS as such charges are excluded from the cost recovery guidelines. Where inter-government cost recovery takes place the guidelines are complied with as far as possible.

Other reporting requirements – Comcare

Revenue from training, seminars and conferences is derived from Commonwealth entities and is not significant (\$0.687 million in 2005-06). Accordingly, it is not considered efficient or effective to apply the cost recovery guidelines to the activity at this time. Charges for seminars and conferences are set at a rate which offsets costs of staff time and materials.

Legislative authority

The legal authority for imposing licence fees is covered under sections 102(2) and 104A of the *SRC Act*.

Costs incurred

Comcare performs the assessment for an application for a licence on behalf of the Commission and makes its recommendation to the Commission. Section 102(2) of the *SRC Act* provides for a fee payable by the eligible corporation or Commonwealth authority to Comcare based on the costs of assessing a licence application.

Following the grant of a licence Comcare continues annual regulatory oversight of the licensee on behalf of the Commission to ensure the licensee meets the conditions of licence. Self insurers are also subject to the *Occupational Health and Safety Act 1991 (OHS Act)*. Sections 104A(2)(a) and (b) of the *SRC Act* provide for an annual licence fee payable by the self insurer to meet the estimated cost incurred by the Commission and Comcare in carrying out their functions under the *SRC Act* and the *OHS Act*.

Charging licence fees for the self insurance scheme complies with the principles outlined in the Australian Government Cost Recovery Guidelines.

Total revenue forecast for 2007-08

The forecast licence fee revenue for 2007-08 is \$7.675 m.

Consultation

The initial licence fee methodology was adopted in setting the 2000-01 licence fees, following the introduction of performance based outcome reporting in July 1999.

Following extensive consultations in 2004 between the licensees and Comcare, a working group, with representatives from Comcare and licensees, was established, and presented a new licence fee methodology to the licensees in April 2005, which was approved by the Commission in June 2005.

That model will continue to be applied in determining the 2007-2008 licence fees. Licensees are advised of their expected individual licence fees before these are approved by the Commission.

Periodic Review

The licence fees and the model are reviewed and calculated each financial year and a recommendation made to the Commission on the fees to be charged for the following financial year.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

Comcare has no Indigenous information to report.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The following charts have been provided to illustrate expected trends in major aggregates for Comcare which are included in the financial statements on the following pages.

The most significant variances are:

- a forecast reduction in workers compensation premiums in 2007-08 and forward years arising from the implementation of amendments to the Safety, Rehabilitation and Compensation Act 1988 identified in the 2006-07 Portfolio Budget Statements;
- updates to workers compensation outstanding claims liability estimates at 30 June 2006 and in later years; and
- additional administrative expenses associated with an enhanced capability for regulation under the *Occupational Health and Safety Act 1991*.

Budgeted agency income statement

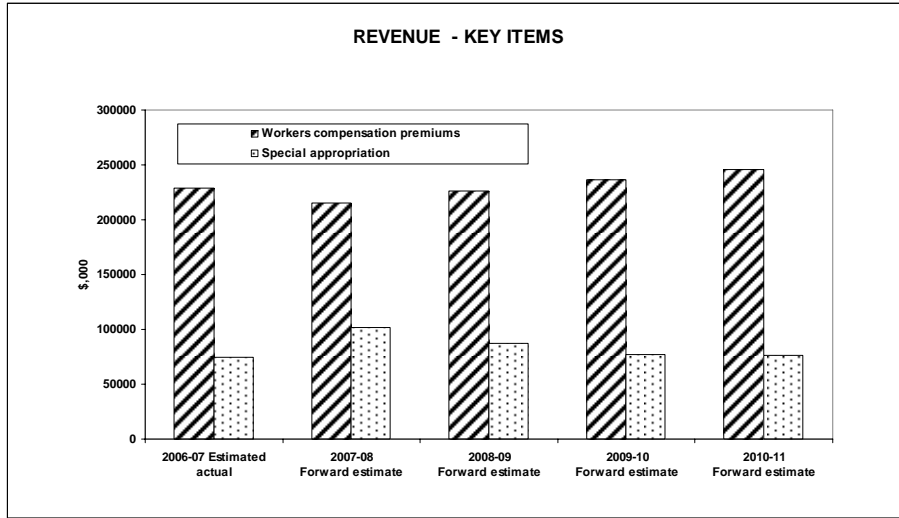
In December 2006 Comcare's actuary forecast that the premium rate required to fund the lifetime cost of injuries expected to be incurred in 2007-08 would be similar to the rate for 2006-07. Premium rates will be determined by Comcare in June 2007 following consideration of the actuary's final premium pool report based on the most recently available data.

It is expected that costs associated with pre-premium claims (i.e. claims with a date of injury before 1 July 1989) will continue to decline in future years. Pre-premium claims are funded through special appropriations.

The variance between 2006-07 and 2007-08 is explained primarily by:

- an increased requirement for asbestos claim settlements in 2007-08 funded through special appropriation for 130 cases pending a court decision on a test case;
- a forecast reduction in workers compensation premiums in 2007-08 of \$19.3 million, from implementation of budget measures related to changes to workers compensation arrangements for Commonwealth employees; and
- additional appropriation of \$1.9 million received in 2006-07 to support the expansion of the OH&S regulatory activities. Ongoing expenses in subsequent years will be funded from regulatory contributions and licence fees.

The following chart shows the impact of the above to revenue.



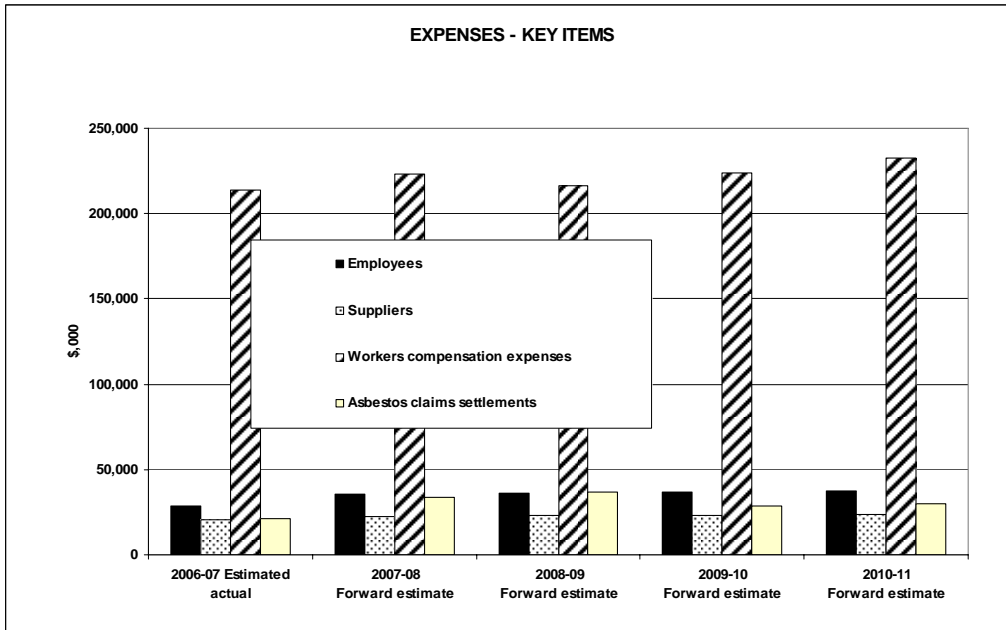
All other revenue consists of the following items:

	2006-07 Estimated actual \$'000	2007-08 Budget estimate \$'000
Regulatory contributions	9,539	11,189
Interest	13,500	14,000
Licence fees	3,637	7,675
Annual appropriations	7,597	5,787
Other ^{#1}	3,417	982

^{#1} Note that "other" in 2006-07 included revenue of \$2.5 million received from the Department of Employment and Workplace Relations for the management of asbestos related common law claims. These expenses will be funded by annual appropriation in 2007-08.

The following chart shows forecast expenses in relation to key items.

Budgeted financial statements - Comcare



Forecasts for administrative expenditure items are shown below. The increase in employee expenses reflects the full year effect of initiatives introduced in 2006-07 to support the expansion of OH&S regulatory activities.

	2006-07 Estimated actual \$'000	2007-08 Budget estimate \$'000
Employee expenses	28,867	35,240
Suppliers	20,425	22,575
Depreciation	1,868	2,265

Budgeted agency balance sheet

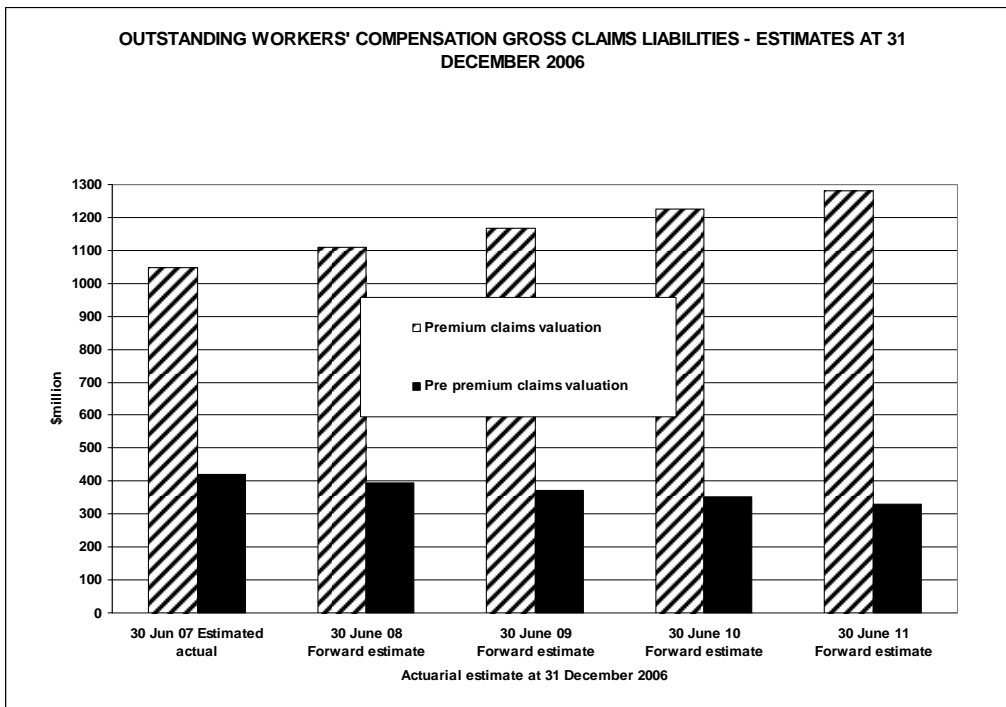
There are two elements of outstanding workers compensation claims liabilities:

- those with a date of injury before 1 July 1989 – referred to as pre-premium claims; and
- those with a date of injury on and from 1 July 1989 – referred to as premium claims.

It is expected that pre-premium claims liabilities will continue to decrease over time, while premium claims liabilities will increase as the scheme continues to mature.

The financial statements include forecast changes to the valuation of workers compensation net liabilities at 30 June 2008, with an increase of \$33.5 million (2.2 per cent) at that date when compared with the valuation at 30 June 2007, and further changes in later years.

The following chart shows the latest estimate of workers compensation liabilities at 30 June 2007 and in later years.



5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted agency income statement
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	120,551	147,717	128,589	115,461	115,284
Goods and services	16,593	19,846	20,245	20,650	21,063
Interest	13,500	14,000	14,000	15,000	15,000
Other	229,000	215,062	226,440	236,023	245,980
Total revenue	379,644	396,625	389,274	387,134	397,327
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	379,644	396,625	389,274	387,134	397,327
EXPENSE					
Employees	28,867	35,240	35,944	36,664	37,397
Suppliers	20,425	22,575	22,952	23,336	23,727
Depreciation and amortisation	1,868	2,265	2,356	2,372	2,171
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	273,299	296,871	288,649	284,971	295,956
Total expenses	324,459	356,951	349,901	347,343	359,251
Operating result from continuing operations	55,185	39,674	39,373	39,791	38,076
Increase / (decrease) to asset revaluation reserve	-	-	-	-	-
Operating result	55,185	39,674	39,373	39,791	38,076
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	55,185	39,674	39,373	39,791	38,076

Table 5.2: Budgeted agency balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	132,505	171,159	211,058	250,648	288,924
Receivables	2,293,975	2,337,175	2,375,275	2,409,875	2,444,875
Accrued revenues	180	180	180	180	180
Other	-	-	-	-	-
Total financial assets	2,426,660	2,508,514	2,586,513	2,660,703	2,733,979
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	3,860	4,110	3,632	3,297	3,297
Intangibles	235	1,005	957	908	908
Other	294	294	294	294	294
Total non-financial assets	4,389	5,409	4,883	4,499	4,499
Total assets	2,431,049	2,513,923	2,591,396	2,665,202	2,738,478
LIABILITIES					
Payables					
Suppliers	4,655	4,655	4,655	4,070	4,070
Grants	-	-	-	-	-
Other payable	3,527	3,527	3,527	3,527	3,527
Total payables	8,182	8,182	8,182	7,597	7,597
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	6,657	6,657	6,657	6,657	6,657
Other	2,289,700	2,332,900	2,371,000	2,405,600	2,440,800
Total provisions	2,296,357	2,339,557	2,377,657	2,412,257	2,447,457
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	2,304,539	2,347,739	2,385,839	2,419,854	2,455,054

Table 5.2: Budgeted agency balance sheet (as at 30 June) (continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
EQUITY					
Parent entity interest					
Contributed equity	605	605	605	605	605
Reserves	341	341	341	341	341
Retained surpluses or accumulated deficits	125,564	165,238	204,611	244,402	282,478
Total parent entity interest	126,510	166,184	205,557	245,348	283,424
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	126,510	166,184	205,557	245,348	283,424
Current assets	318,564	341,441	380,668	418,866	510,634
Non-current assets	2,112,485	2,172,482	2,210,728	2,246,336	2,227,844
Current liabilities	276,759	270,337	269,759	280,144	321,431
Non-current liabilities	2,027,780	2,077,402	2,116,080	2,139,710	2,133,623

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

**Table 5.3: Budgeted agency statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	16,593	19,845	20,246	20,650	21,063
Appropriations	75,620	107,317	92,989	82,961	81,984
Interest	13,500	14,000	14,000	15,000	15,000
Other	250,857	238,472	251,179	262,069	246,180
Total cash received	356,570	379,634	378,414	380,680	364,227
Cash used					
Employees	28,867	35,239	35,944	36,665	37,397
Suppliers	20,426	22,575	22,953	23,335	23,727
Grants	-	-	-	-	-
Other	256,890	279,881	277,788	279,102	262,656
Total cash used	306,183	337,695	336,685	339,102	323,780
Net cash from or (used by) operating activities	50,387	41,939	41,729	41,578	40,447
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,375	3,285	1,830	1,988	2,171
Purchase of intangibles	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	1,375	3,285	1,830	1,988	2,171
Net cash from or (used by) investing activities	(1,375)	(3,285)	(1,830)	(1,988)	(2,171)

**Table 5.3: Budgeted agency statement of cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	-	-	-	-
Restructuring contribution	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	49,012	38,654	39,899	39,590	38,276
Cash at the beginning of the reporting period	83,493	132,505	171,159	211,058	250,648
Cash at the end of the reporting period	132,505	171,159	211,058	250,648	288,924

Table 5.4: Agency statement of changes in equity — summary of movement (Budget 2007-08)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	125,564	341	-	605	126,510
Opening balance adjustment	-	-	-	-	-
Adjusted opening balance	125,564	341	-	605	126,510
Income and expense					
Income and expenses recognised directly in equity:	-	-	-	-	-
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	39,674	-	-	-	39,674
Total income and expenses recognised directly in equity	39,674	-	-	-	39,674
Transactions with owners					
<i>Distribution to owners</i>					
Returns of capital	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:	-	-	-	-	-
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2008	165,238	341	-	605	166,184

Table 5.5: Agency capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	1,375	3,285	1,830	1,988	2,171
Total	1,375	3,285	1,830	1,988	2,171

Table 5.6: Agency property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)

	Land	Buildings	Other Infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	-	5,307	8,308	13,615
Accumulated depreciation	-	-	1,447	8,073	9,520
Opening net book value	-	-	3,860	235	4,095
Additions:					
by purchase	-	-	2,285	1,000	3,285
by finance lease	-	-	-	-	-
Internally developed	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	-	2,035	230	2,265
Impairments recognised in operating result	-	-	-	-	-
AEIFRS adjustment	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
As at 30 June 2008					
Gross book value	-	-	7,592	9,308	16,900
Accumulated depreciation	-	-	3,482	8,303	11,785
Closing net book value	-	-	4,110	1,005	5,115

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

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Goods and services	-	-	-	-	-
Other sources of non-taxation revenues	280	280	280	280	280
Total non-taxation	280	280	280	280	280
Total income administered on behalf of Government	280	280	280	280	280
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Other	125	110	125	110	125
Losses					
Net loss from sale of assets	-	-	-	-	-
Other losses	-	-	-	-	-
Total expenses administered on behalf of Government	125	110	125	110	125

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	-	-	-	-	-
Receivables	1,092	1,262	1,417	1,587	1,742
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total financial assets	1,092	1,262	1,417	1,587	1,742
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Intangibles	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of Government	1,092	1,262	1,417	1,587	1,742
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-
Payables					
Suppliers	52	52	52	52	52
Grants and subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Other payables	228	228	228	228	228
Total payables	280	280	280	280	280
Total liabilities administered on behalf of the Government	280	280	280	280	280

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Sales of goods	-	-	-	-	-
Rendering of services	-	-	-	-	-
Other	293	291	293	291	293
Total cash received	293	291	293	291	293
Cash used					
Grant payments	-	-	-	-	-
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Other	138	121	138	121	138
Total cash used	138	121	138	121	138
Net cash from or (used by) operating activities	155	170	155	170	155
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-

**Table 5.9: Schedule of budgeted administered cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	155	170	155	170	155
Cash at beginning of reporting period	2	-	-	-	-
Cash from Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	138	121	138	121	138
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	295	291	293	291	293
Cash at end of reporting period	-	-	-	-	-

Table 5.10: Schedule of administered capital budget

Comcare has no administered capital budget.

Table 5.11: Schedule of administered property, plant, equipment and intangibles – summary of movement

Comcare has no administered non-financial assets.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Accounting policy

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

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; and
- having regard to Statements of Accounting Concepts.

Agency items

Agency assets, liabilities, revenues and expenses are those items that are controlled by Comcare including:

- computers, plant and equipment used in providing goods and services;
- liabilities for outstanding workers compensation claims;
- liabilities for asbestos related common law claims;
- liabilities for employee entitlements;
- revenues from appropriations for resources used in providing goods and services;
- other revenues which largely consist of workers compensation premiums collected from other Commonwealth Government agencies, and
- employee expenses and other administrative expenses incurred in providing goods and services.

Administered assets, liabilities, revenues and expenses are those items which are controlled by the Government and managed or overseen by the department or agency on behalf of the Government. For the Seacare Authority in 2007-08 these are levies collected under the *Seafarers Rehabilitation and Compensation Levy Collection Act 1992*.

Agency revenue from government

Revenue from government represents the purchase of outputs from Comcare by the Government. The total departmental appropriation from Government for Comcare in the 2007-08 Budget is estimated at \$107.3 million (2006-07 \$82.2 million). For reporting purposes, this is adjusted by an amount for the expected movement in outstanding liabilities to provide a net figure of \$147.7 million (2006-07 \$120.5 million). The expected movement in outstanding workers compensation claims liabilities is an increase of \$33.5 million (2006-07 increase of \$27.3 million) non-cash adjustment based on an actuarial assessment prepared as at 31 December 2006. The expected movement in outstanding asbestos claims liabilities is an increase of \$6.9m (2006-07 nil).

Agency revenue from other sources

Revenue from the sale of goods and services is recognised upon the delivery of the goods and services to the customers. Premium revenue for 2007-08 is recognised as it is owned and controlled by Comcare.

Agency expenses - employees

This item represents employee expenses incurred including net increase in entitlements to employees for services rendered in the financial year.

Agency expenses – depreciation and amortisation

Property, plant and equipment assets are depreciated down to their estimated residual values over their estimated useful lives to Comcare using, in all cases, the straight-line method of depreciation. The estimated useful life of these assets is between three and ten years.

Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Intangibles are amortised over periods between three and five years.

Agency expenses- other costs of providing goods and services

This item represents purchases of goods and services from suppliers.

Agency expenses - other

This item represents workers compensation claims costs, including net movements in outstanding workers compensation claims liabilities and common law settlements for asbestos related compensation cases.

Accounting policy

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

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

Section 90A(1) of the *Safety, Rehabilitation and Compensation Act 1988* required that premiums collected for financial years prior to 1 July 2002 by Comcare be paid into the Consolidated Revenue Fund. The *Safety, Rehabilitation and Compensation Act 1988* does not presently provide for those premium funds (or the notional interest accrued) to be brought to account as assets of Comcare. Accordingly, these financial statements do not reflect these amounts except insofar as they are required to meet existing outstanding claims obligations. This amount is recognised as an appropriation receivable in the Balance Sheet.

Agency assets and liabilities – provisions and payables

Provision is made for:

- Comcare’s liability for employee entitlements arising from services rendered by employees to balance date;
- an estimate for asbestos related common law liabilities; and
- an estimate for outstanding workers compensation claims liabilities.

The liability for employee entitlements encompasses unpaid annual and long service leave. No provision is made for sick leave. The liability for leave expected to be settled within 12 months has been measured at its nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements have been taken into account.

The financial statements include, as provisions, an estimate for outstanding workers compensation claims and asbestos related common law liabilities. Estimates have been provided for 30 June 2007 and at 30 June for each forward year.

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

The estimates of outstanding liabilities are central estimates in the sense that there is a 50/50 chance that when the liabilities with which they are associated have been finally discharged they will prove to be too high or too low.

Actuaries prepared an actuarial valuation for the Department of Employment and Workplace Relations as at 30 June 2006 for asbestos related common law liabilities. The estimates for each year are based on this valuation.

	2006-07	2007-08	2008-09	2009-10	2010-11
	\$M	\$M	\$M	\$M	\$M
Gross Liabilities – estimated as at 30 June					
Workers compensation	1,469	1,505	1,542	1,577	1,612
Asbestos related common law	821	828	830	828	828

Agency assets and liabilities – financial assets - cash

Cash includes notes and coins held, deposits at call and term deposits with a bank or financial institution.

Agency assets and liabilities – financial assets - receivables

Receivables represent amounts owing to Comcare for goods and services that have been provided to external parties, together with an estimate of appropriations required to meet outstanding workers compensation claims liabilities.

Agency assets and liabilities – financial assets - other

This item represents an estimate for prepayments.

Agency assets and liabilities – non-financial assets

These items represent future economic benefits that Comcare will consume in producing outputs. The reported value represents the fair value of assets less depreciation incurred to date in using that asset.

Property, plant and equipment are brought to account at cost, except for purchases costing less than \$3,000 which are expensed in the year of acquisition. Leasehold assets include an amount for the estimated value of restoring leased property to its pre-lease standard at the expiration of the lease.

Insurance

Insurance – appropriate insurance cover has been taken out to manage identified risks.

Reinsurance – in the event of a single exceptional incident in which workers compensation costs in excess of \$5 million arise the Department of Finance and Administration has undertaken to supplement Comcare’s premium pool.

Trust account

Comcare maintains a Comcare Beneficiaries Trust Account (BTA) which was established on 1 December 1988 to administer compensation benefits paid under both the *Compensation (Commonwealth Government Employees) Act 1971* and the *Safety, Rehabilitation and Compensation Act 1988*, to beneficiaries who are under a legal disability. The vast majority of these are children under the age of 18 who have been awarded compensation following the death of a parent under compensable circumstances.

Comcare manages funds awarded by Comcare and the self-administering authorities (e.g. Telstra, Australia Post). Comcare charges no fee for this service.