

**PORTFOLIO
BUDGET STATEMENTS
2007-08**

HUMAN SERVICES PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

BUDGET RELATED PAPER NO. 1.10

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SENATOR THE HON. CHRISTOPHER ELLISON

Minister for Human Services
Senator for Western Australia

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2007-08 Budget for the Human Services Portfolio.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Ellison'.

CHRIS ELLISON
Senator for Western Australia

Abbreviations and conventions

The following notation may be used:

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nfp	not for publication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

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

Enquiries

Should you have any enquiries regarding this publication please contact the Chief Financial Officer, in the Department of Human Services on (02) 6223 4000.

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

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**PURPOSE AND STRUCTURE OF
PORTFOLIO BUDGET
STATEMENTS**

Purpose of the Portfolio Budget Statements

The purpose of the 2007-08 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2007-08 (or Appropriation Bill [Parliamentary Departments] No. 1 2007-08 for the parliamentary departments). In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

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

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

Structure of the Portfolio Budget Statements

The Portfolio Budget Statements (PB Statements) are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

Part	Description
User Guide to the Portfolio Budget Statements	
	An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.
Portfolio Overview	
	A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.
Agency Budget Statements	
	For each agency within the portfolio, a budget statement is presented in five sections:
Section 1: Overview	A brief overview of the agency.
Section 2: Resources	A reconciliation of agency resourcing information from the <i>2006-07 Mid-Year Economic and Fiscal Outlook</i> to the 2007-08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
Glossary	Explains key terms.
Index	Alphabetical guide to the PB Statements.

PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2007-08*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2007-08 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007-08
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007-08
Statement 10: AAS Financial Statements Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	(Agency) Resources for 2007-08
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2007-08 (Agency) Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007-08

Departmental and Administered Distinction

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

Departmental

Revenues, expenses, assets and liabilities in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered

Revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- Administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the States and Territories; and
- Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007-08*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2007-08 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

Purpose and Structure of Portfolio Budget Statements

The schedules included in the budgeted financial statements for 2007-08 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Budgeted departmental statement of changes in equity — summary of movement	This is a new statement for Portfolio Budget Statements that represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
Departmental capital budget statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non financial assets during the Budget year.
Schedule of budgeted income and expenses administered on behalf of government	Identifies the main revenues and expenses administered on behalf of government.
Schedule of budgeted assets and liabilities administered on behalf of government	Shows the assets and liabilities administered on behalf of government.
Schedule of budgeted administered cash flows	Shows cash flows administered on behalf of government.
Schedule of administered capital budget	Shows details of planned administered capital expenditure.
Schedule of administered property, plant, equipment and intangibles — summary of movement	Discloses details of movements in administered non financial assets.

PORTFOLIO OVERVIEW

HUMAN SERVICES PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

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

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

The Department of Human Services is the central policy and coordination department of the portfolio. The department is working with other departments and agencies to ensure the effective and efficient implementation of Government policy. The core function of the department is to ensure early consideration of service delivery issues in the policy development process and improve the quality and cost effectiveness of services within and across the Human Services agencies

HUMAN SERVICES AGENCIES

AGENCIES WITHIN HUMAN SERVICES PORTFOLIO

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

General Government Sector Entities

- The **Department of Human Services** consists of the Core Department, the Child Support Agency and CRS Australia. The Core Department is small and strategic. The role of the department is to direct, coordinate and broker improvements to service delivery. The Child Support Agency ensures that children of separated parents receive financial support from both parents. CRS Australia assists people with an injury or a disability to get a job or return to work by providing individualised vocational rehabilitation, and helping employers to keep their workplaces safe.
- **Centrelink** delivers a range of government payments and services for retirees, families, carers, parents, people with disabilities, indigenous people, and people from diverse cultural and linguistic backgrounds and provides services at times of major change.

Portfolio Overview

- **Medicare Australia** looks after the health of Australians through efficient services and payments such as Medicare, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register and the Australian Organ Donor Register.

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

- **Australian Hearing** is one of the largest hearing service providers in the world and is dedicated to helping people manage their hearing impairment so they have a better quality of life. Australian Hearing provides a full range of hearing services for children and young people up to the age of 21, eligible adults and aged pensioners, and most war veterans.
- **Health Services Australia** is a government business enterprise established in 1997 focusing primarily on occupational health and safety and medical assessments.

As required under Section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates. These entities are not reported in the Portfolio Budget Statements.

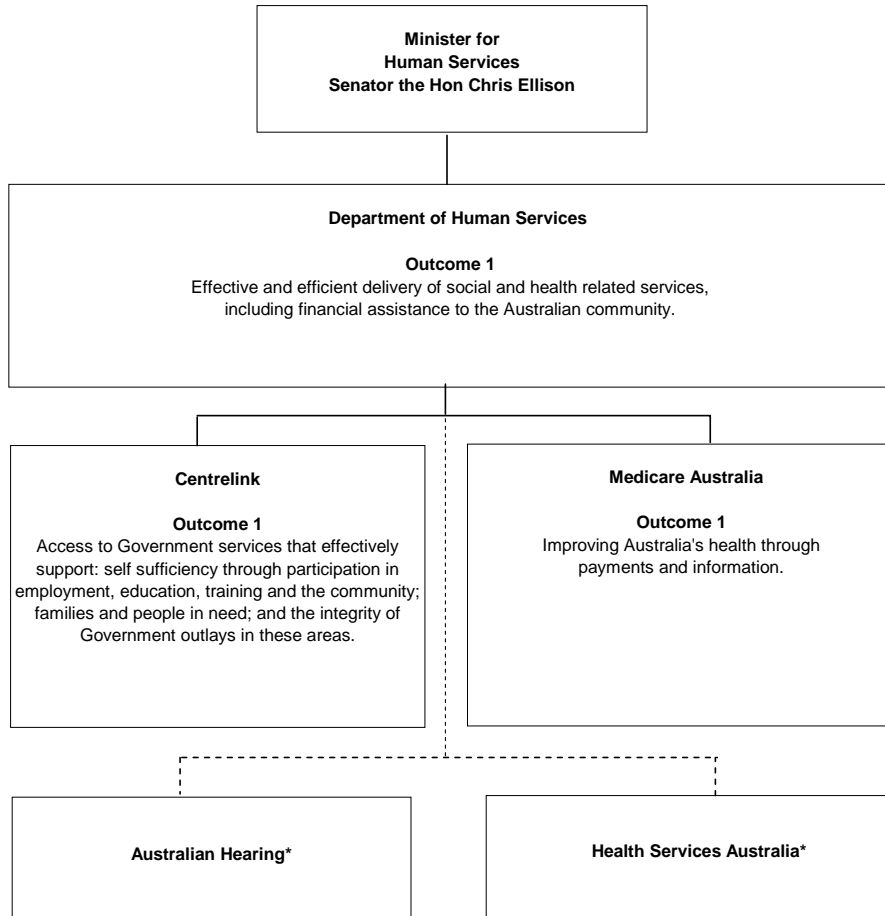
More comprehensive information on activities undertaken within the Department of Human Services and its agencies is available on the following web site.

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

APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

There have been no changes to the structure of the Department of Human Services and its agencies since the publication of the 2006-07 Portfolio Additional Estimates Statements in February 2007.

Figure 1: Portfolio structure and outcomes



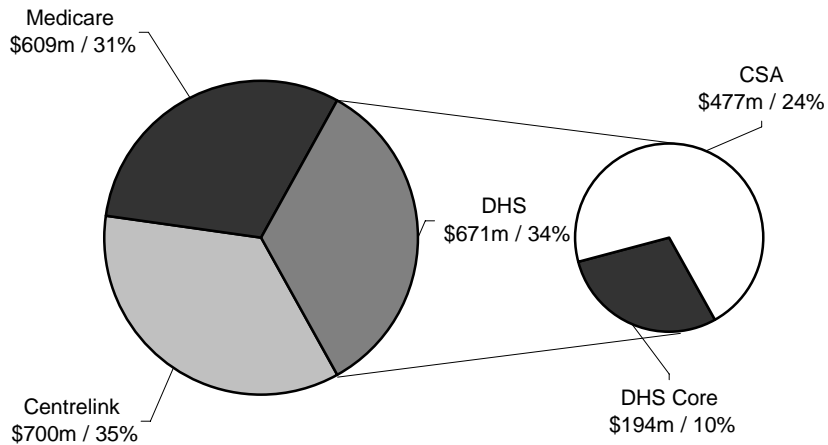
* These agencies are non-general government sector entities and are not consolidated into the Commonwealth general government sector fiscal estimates. Therefore they are not reported in the Portfolio Budget Statements.

Portfolio Overview

Funds appropriated to the Department of Human Services and its agencies in 2007-08 total \$2.196 billion, comprising both departmental and administered appropriations (including capital and special appropriations).

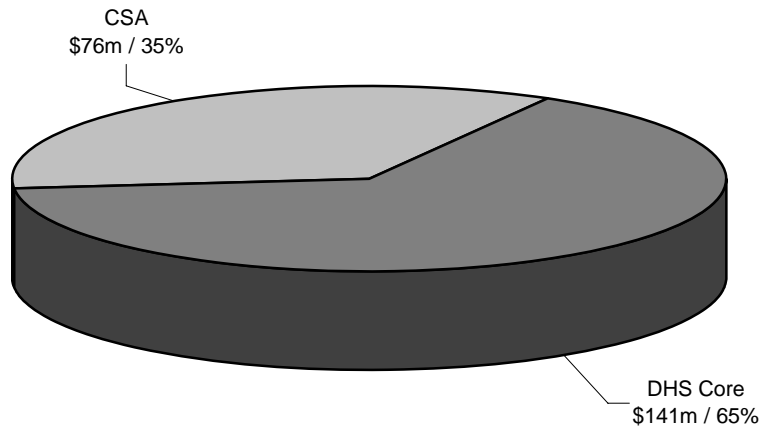
Departmental appropriations (including capital appropriations) for agencies within the Department of Human Services in 2007-08 total \$1.979 billion. Figure 2 compares the allocation of these resources across the Department of Human Services agencies.

Figure 2: Departmental appropriations for agencies in the portfolio, 2007-08



1. The Department of Human Services consists of the Core Department, the Child Support Agency and CRS Australia.
2. CRS Australia is funded under purchaser provider and fee for service arrangements and does not receive direct appropriations.

Figure 3: Administered appropriations for agencies in the portfolio



Administered appropriations for Department of Human Services agencies in 2007-08 total \$217 million. The majority of the funds are managed by the Core Department for the Job Capacity Assessment program. The remaining funds are for the Child Support Agency.

AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE) HUMAN SERVICES PORTFOLIO

Table 1 provides details of Australian Government Indigenous Expenditure for 2007-08.

Table 1: Australian Government Indigenous Expenditure – portfolio level

Outcome	Appropriations				Other \$'000 (E)	Total \$'000 (F)=(D)+(E)
	Bill	Bill	Special	Total		
	No. 1	No. 2	Approp	Approp		
	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (D)		
Outcome 1						
Centrelink						
Administered 2007-08	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	62,333	62,333
<i>Departmental 2006-07</i>	-	-	-	-	63,387	63,387
Total Outcome 2007-08	-	-	-	-	62,333	62,333
<i>Total Outcome 2006-07</i>	-	-	-	-	63,387	63,387
Outcome 1						
Medicare Australia						
Administered 2007-08	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	1,592	1,592
<i>Departmental 2006-07</i>	-	-	-	-	1,551	1,551
Total Outcome 2007-08	-	-	-	-	1,592	1,592
<i>Total Outcome 2006-07</i>	-	-	-	-	1,551	1,551
Outcome 1						
Department of Human Services						
Administered 2007-08	-	-	-	-	454	454
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	-	-
<i>Departmental 2006-07</i>	-	-	-	-	-	-
Total Outcome 2007-08	-	-	-	-	454	454
<i>Total Outcome 2006-07</i>	-	-	-	-	-	-
Administered 2007-08	-	-	-	-	454	454
<i>Administered 2006-07</i>	-	-	-	-	-	-
Departmental 2007-08	-	-	-	-	63,925	63,925
<i>Departmental 2006-07</i>	-	-	-	-	64,938	64,938
Total AGIE 2007-08	-	-	-	-	64,379	64,379
<i>Total AGIE 2006-07</i>	-	-	-	-	<i>64,938</i>	<i>64,938</i>

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