

# **CENTRELINK**

## **Agency resources and planned performance**



# CENTRELINK

<b>Section 1: Agency overview and resources</b> .....	<b>59</b>
1.1 Strategic direction .....	59
1.2 Agency resource statement.....	62
1.3 Budget measures.....	63
<b>Section 2: Outcomes and planned performance</b> .....	<b>72</b>
2.1 Outcomes and performance information .....	72
<b>Section 3: Explanatory tables and budgeted financial statements</b> .....	<b>77</b>
3.1 Explanatory tables .....	77
3.2 Budgeted financial statements .....	80



# CENTRELINK

## SECTION 1: AGENCY OVERVIEW AND RESOURCES

### 1.1 STRATEGIC DIRECTION

Centrelink's Purpose is:

Serving Australia by assisting people to become self-sufficient and supporting those in need.

Centrelink provides services on behalf of more than 20 organisations. Centrelink delivers information, payments and services detailed in Business Partnership Agreements or similar arrangements. Centrelink has Business Partnership Agreements in place with the following Policy Departments:

- Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA);
- Australian Government Department of Education, Employment and Workplace Relations (DEEWR);
- Australian Government Department of Agriculture, Fisheries and Forestry (DAFF); and
- Australian Government Department of Health and Ageing (DoHA).

Centrelink acts in partnership with other levels of government and the broader Australian community and distributes payments to Australian families, communities and individuals. These payments include income support and family assistance payments and payments under a range of rural assistance measures. The outcomes relate to Government welfare priorities.

### *Centrelink Budget Statements*

Centrelink's Strategic Themes specify the high level of focus that integrates issues, opportunities and information from the internal and external environment. A Theme is a succinct statement that provides a medium to long-term focus for Centrelink's strategic implementation efforts.

Centrelink's Strategic Themes are:

- Building confidence in Centrelink
- To provide assurance to Government, clients and customers that services are fairly, effectively and efficiently delivered.
- Strengthening our customer focus in line with Government direction
- To build and leverage our strong customer focus when delivering government policies and agendas.
- Developing a networked organisation
- To link with others inside and outside the organisation to provide quality outcomes and seamless service for customers.
- Building capability for Government
- To have the right resources and underlying capability to progress the Government's agenda on an ongoing basis and in times of crisis.
- Demonstrating value for money
- To be accountable for the efficient use of resources and ensuring the best service offer at the best price

Centrelink's Strategic Priorities reflect the most important things at an organisational level that need to be done. These are variable and current and for this reason are reviewed regularly. Centrelink's priorities must be understood and progressed to support the Government's agenda.

Centrelink's Strategic Priorities for 2008-09 are:

- Build capability and support our people to deliver the Government's priorities;
- Improve the customer experience;
- Support the Minister and the Department of Human Services to improve service delivery;
- Demonstrate united leadership;
- Prepare for increasing integration with Human Services agencies;
- Ensure effective and efficient delivery of services; and
- Strengthen relationships with local communities.

## 1.2 AGENCY RESOURCE STATEMENT

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

**Table 1.1: Centrelink resource statement — Budget estimates for 2008-09 as at Budget May 2008**

	Estimate of prior <sup>+</sup> year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
<b>Ordinary Annual Services</b>				
<b>Departmental outputs</b>				
Departmental outputs <sup>1</sup>	-	607,171	607,171	608,799
<b>Total</b>	-	<b>607,171</b>	<b>607,171</b>	<b>608,799</b>
<b>Total ordinary annual services</b>	<b>A</b> -	<b>607,171</b>	<b>607,171</b>	<b>608,799</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections <sup>2</sup>	-	3,536	3,536	41,460
Previous years' outputs <sup>2</sup>	-	-	-	2,232
<b>Total</b>	-	<b>3,536</b>	<b>3,536</b>	<b>43,692</b>
<b>Total other services</b>	<b>B</b> -	<b>3,536</b>	<b>3,536</b>	<b>43,692</b>
<b>Total Available Annual Appropriations</b>	-	<b>610,707</b>	<b>610,707</b>	<b>652,491</b>
<b>Special Accounts <sup>3</sup></b>				
Opening balance	243,638	-	243,638	223,894
Appropriation Receipts	-	610,707	610,707	652,491
Non-Appropriation receipts to Special Accounts	-	2,215,758	2,215,758	2,144,550
<b>Total Special Account</b>	<b>C</b> <b>243,638</b>	<b>2,826,465</b>	<b>3,070,103</b>	<b>3,020,935</b>
<b>Total resourcing</b>	<b>243,638</b>	<b>3,437,172</b>	<b>3,680,810</b>	<b>3,673,426</b>
A+B+C				
Less appropriations drawn from annual or special appropriations above and credited to special accounts			(610,707)	(652,491)
<b>Total net resourcing for Centrelink</b>			<b>3,070,103</b>	<b>3,020,935</b>

<sup>1</sup> Appropriation Bill (No.1) 2008-09

<sup>2</sup> Appropriation Bill (No.2) 2008-09

<sup>3</sup> Estimated opening balance for Commonwealth Social Services Special Accounts. For further information on special accounts see Section 3 - Table 3.1.3.

Reader note: All figures are GST exclusive.

**Third Party Drawdowns from and on behalf of other agencies**

	\$'000
Centrelink has authority to make the following estimated payments on behalf of other agencies: <sup>1,2,3,4,5</sup> (disclosed in the respective agency's Resource Statement)	
<b>Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)</b>	
A New Tax System ( <i>Family Assistance</i> ) (Administration) Act 1999	15,641,544
Social Security (Administration) Act 1999	39,817,061
<b>Department of Education, Employment and Workplace Relations (DEEWR)</b>	
A New Tax System ( <i>Family Assistance Administration</i> ) Act 1999 <sup>5</sup>	2,769,144
Social Security (Administration) Act 1999	11,680,184
Social Security Act 1991	1,857,879
Student Assistance Act 1973	227,889
<b>Department of Agriculture, Fisheries and Forestry (DAFF)</b>	
Farm Household Support Act 1992 (Exceptional Circumstances Relief Payment)	<u>193,417</u>
<b>Total</b>	<u><u>72,187,118</u></u>
Revenue received from other agencies for the provision of services <sup>6</sup> (disclosed above within Non-Appropriation Receipts)	<u><u>2,066,786</u></u>

**NOTES:**

1. Centrelink's purchaser-provider arrangements with the above agencies (i.e. FaHCSIA, DEEWR, DAFF) include the delivery of payments to customers.
2. Centrelink has no drawdown access to the above agencies' Administered appropriations that are required to be drawn and paid to customers.
3. The respective agencies are responsible for the policy, estimates and reporting of these Administered appropriations.
4. The figures disclosed above are based on the 2008-09 estimates as provided to Centrelink by the respective agencies.
5. The figures disclosed above includes Child Care Benefit program appropriation amounting to \$1,908,322m that both Centrelink and DEEWR pays out to the customers on behalf of DEEWR. It is not possible to quantify how much of this appropriation will be paid by Centrelink for FY 2008-09 as this is a transition year in the implementation payment processes.
6. Refer to Table 2.1.1 for information of Revenue Breakdown from Policy Departments, which has been prepared on accrual basis.

### 1.3 BUDGET MEASURES

Budget measures relating to Centrelink are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

There are 15 measures that have 2007-08 funding totalling \$18.545 million. These measures are:

- Carers - improved support - \$0.205 million;
- Responsible Economic Management - Concession Cards - retention while overseas - \$2.166 million;
- Responsible Economic Management - Pilot program addressing undeclared business income and assets - cessation - \$(1.002) million;
- Closing the Gap - Northern Territory - income management - \$2.705 million;
- Welfare Payments Reform - child protection pilot and school attendance and enrolment pilot - \$1.930 million;
- Removal of differential treatment of same-sex couples and their children - law reform - \$0.218 million;
- Carer Bonus - \$1.289 million;
- Helping Seniors Make Ends Meet - Seniors Bonus - \$3.234 million;
- Queensland Floods - assistance - \$2.947 million;
- Responsible Economic Management - Better targeting and delivery of Family Tax Benefit - \$150,000 income test on primary earner for FTB-B - \$0.474 million;
- Responsible Economic Management - Employment Entry Payment - Abolish from 01 July 2008 - \$1.041 million;
- Respite brokerage for older carers - \$0.350 million;
- Responsible Economic Management - Child Care Benefit - remove the minimum rate - \$1.650 million;
- Temporary Protection visa - abolition - \$0.015 million; and
- Health and Hospitals Reform - Dental Health - Teen Dental Plan - \$1.323 million.

**Table 1.2: Agency 2008-09 Budget measures**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Department of Families, Housing, Community Services and Indigenous Affairs</b>					
<b>Expense measures</b>					
<b>Responsible Economic Management</b>					
Family Tax Benefit - cease fortnightly payments for recipients who do not lodge a tax return	1.1				
Departmental outputs		4,149	6,174	1,710	1,726
Fraud and Compliance - Commonwealth Seniors Health Card compliance reviews	1.1				
Departmental outputs		9,368	965	763	686
Fraud and Compliance - assessments to verify income or assets	1.1				
Departmental outputs		13,788	13,666	14,508	14,884
Commonwealth Seniors Health Card adjusted taxable income	1.1				
Departmental outputs		11,274	3,274	1,566	1,581
Concession Cards - retention while overseas	1.1				
Departmental outputs		(4,859)	(4,899)	(4,939)	(4,987)
Better targeting and delivery of Family Tax Benefit - \$150,000 income test on primary earner for FTB-B	1.1				
Departmental outputs		(145)	(1,385)	(1,720)	(2,136)
Better targeting and delivery of Family Tax Benefit - Streamlining administration	1.1				
Departmental outputs		3,454	6,027	6,070	6,128
Better targeting and delivery of Family Tax Benefit - continuous adjustment to reduce overpayments of Family Tax Benefit	1.1				
Departmental outputs		1,591	669	656	652

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Expense measures</b>					
Better targeting and delivery of Baby Bonus	1.1				
Departmental outputs		6,364	5,464	5,268	5,043
Employment Entry Payment - Abolish from 01 July 2008	1.1				
Departmental outputs		92	-	-	-
<b>Means-testing of government support</b>					
Expanded definitions of income to include net losses from investments					
Departmental outputs		3,680	1,521	1,211	1,223
Expanded definitions of income to include certain 'salary sacrificed' contributions to superannuation					
Departmental outputs		2,666	219	(209)	(217)
<b>Closing the Gap</b>					
Northern Territory - income management	1.1				
Departmental outputs		50,417	-	-	-
<b>Migration Program</b>					
37,500 place increase for 2008-09	1.1				
Departmental outputs		2,317	3,711	5,690	8,224
Additional 6,000 skill stream places for 2007-08	1.1				
Departmental outputs		212	297	299	302
<b>Humanitarian migration program</b>					
Additional 750 Special Humanitarian Program places from 2009-10	1.1				
Departmental outputs		-	135	181	228
Additional 500 places for Iraqis in 2008-09	1.1				
Departmental outputs		89	34	35	35

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Expense measures</b>					
Visa places for Iraqi locally engaged employees	1.1				
Departmental outputs		105	40	40	41
Maternity Immunisation Allowance - eligibility change	1.1				
Departmental outputs		2,844	1,627	2,194	2,233
Social Security Agreement with Finland	1.1				
Departmental outputs		824	1,132	188	197
Social Security Agreement with Poland	1.1				
Departmental outputs		1,018	3,960	2,515	365
Carer Bonus	1.1				
Departmental outputs		1,363	-	-	-
Carers - improved support	1.1				
Departmental outputs		15,259	14,185	7,052	5,901
Centrelink call centre supplementation - continuation	1.1				
Departmental outputs		38,770	-	-	-
Welfare Payments Reform - child protection pilot and school attendance and enrolment pilot	1.1				
Departmental outputs		11,637	-	-	-
Removal of differential treatment of same-sex couples and their children - law reform	1.1				
Departmental outputs		8,817	2,384	999	868
Helping Seniors Make Ends Meet - Seniors Bonus	1.1				
Departmental outputs		419	-	-	-
Respite brokerage for older carers	1.1				
Departmental outputs		2,000	-	-	-
<b>Total FaHCSIA expense measures</b>	Departmental	<b>187,513</b>	<b>59,200</b>	<b>44,077</b>	<b>42,977</b>

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Department of Education, Employment and Workplace Relations</b>					
<b>Expense measures</b>					
<b>Responsible Economic Management</b>					
Fraud and Compliance - assessments to verify income or assets	1.1				
Departmental outputs		19,374	20,629	20,515	20,628
Fraud and Compliance - cessation of 'Keeping the System Fair' advertising campaign	1.1				
Departmental outputs		(7,247)	(7,316)	(7,389)	(7,458)
Employment Services for 2009-10 to 2011-12	1.1				
Departmental outputs		30,208	11,764	9,717	3,385
Child Care Benefit - remove the minimum rate	1.1				
Departmental outputs		4,310	3,990	951	1,023
Employment Entry Payment - Abolish from 01 July 2008	1.1				
Departmental outputs		641	-	-	-
<b>Means-testing of government support</b>					
Expanded definitions of income to include net losses from investments					
Departmental outputs		1,227	507	404	408
Expanded definitions of income to include certain 'salary sacrificed' contributions to superannuation					
Departmental outputs		666	55	(52)	(54)
<b>Closing the Gap</b>					
Northern Territory - further welfare and employment reform	1.1				
Departmental outputs		1,001	-	-	-

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Expense measures</b>					
<b>Migration Program</b>					
37,500 place increase for 2008-09 Departmental outputs	1.1	-	-	512	1,270
Additional 6,000 skill stream places for 2007-08 Departmental outputs	1.1	-	-	501	412
<b>Humanitarian migration program</b>					
Additional 750 Special Humanitarian Program places from 2009-10 Departmental outputs	1.1	-	109	323	541
Additional 500 places for Iraqis in 2008-09 Departmental outputs	1.1	73	141	142	141
Visa places for Iraqi locally engaged employees Departmental outputs	1.1	161	164	165	166
Carers - improved support Departmental outputs	1.1	-	(2,568)	(3,176)	(3,272)
Centrelink call centre supplementation - continuation Departmental outputs	1.1	20,330	-	-	-
Welfare Payments Reform - child protection pilot and school attendance and enrolment pilot Departmental outputs	1.1	15,209	809	-	-
Removal of differential treatment of same-sex couples and their children - law reform Departmental outputs	1.1	11,687	3,161	1,325	1,151
Temporary Protection visa - abolition Departmental outputs	1.1	1,085	70	53	44
<b>Total DEEWR expense measures</b>	Departmental	<b>98,725</b>	<b>31,515</b>	<b>23,991</b>	<b>18,385</b>

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Department of Health and Ageing</b>					
<b>Expense measures</b>					
Insulin Pumps - subsidy for young people with type 1 diabetes	1.1				
Departmental outputs		113	5	3	2
Health and Hospitals Reform - Dental Health – Teen Dental Plan	1.1				
Departmental outputs		916	380	327	330
<b>Total DoHA expense measures</b>	Departmental	<b>1,029</b>	<b>385</b>	<b>330</b>	<b>332</b>
<b>Department of Veterans' Affairs</b>					
<b>Expense measures</b>					
<b>Responsible Economic Management</b>					
Partner Service Pension - cease payment to married partners who are separated but not divorced	1.1				
Departmental outputs		8	7	7	7
<b>Total DVA expense measures</b>	Departmental	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Direct Appropriation</b>					
<b>Expense measures</b>					
<b>Closing the Gap</b>					
Northern Territory - Centrelink's Role					
Departmental outputs		4,211	-	-	-
Centrelink - consolidating technology capability	1.1				
Departmental outputs		13,259	-	-	-
<b>Total Direct Appropriation expense measures</b>	Departmental	<b>17,470</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ALL expense measures</b>	Departmental <b>Total</b>	<b>304,745</b> <b>304,745</b>	<b>91,107</b> <b>91,107</b>	<b>68,405</b> <b>68,405</b>	<b>61,701</b> <b>61,701</b>

**Table 1.2: Agency 2008-09 Budget measures (continued)**

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Department of Families, Housing, Community Services and Indigenous Affairs</b>					
<b>Capital measures</b>					
Carers - improved support	1.1				
Departmental capital		-	2,530	-	-
<b>Total</b>		-	<b>2,530</b>	-	-
Welfare Payments Reform - child protection pilot and school attendance and enrolment pilot	1.1				
Departmental capital		1,823	-	-	-
<b>Total</b>		<b>1,823</b>	-	-	-
<b>Department of Education, Employment and Workplace Relations</b>					
<b>Capital measures</b>					
Welfare Payments Reform - child protection pilot and school attendance and enrolment pilot	1.1				
Departmental capital		13	-	-	-
<b>Total</b>		<b>13</b>	-	-	-
<b>Direct Appropriation</b>					
<b>Capital measures</b>					
<b>Closing the Gap</b>					
Northern Territory - Centrelink's Role					
Departmental outputs		1,600	-	-	-
<b>Total</b>		<b>1,600</b>	-	-	-
<b>Total capital measures</b>	Departmental	3,436	2,530	-	-
	<b>Total</b>	<b>3,436</b>	<b>2,530</b>	-	-
<b>Total of All measures</b>	Departmental	308,181	93,637	68,405	61,701
	<b>Total</b>	<b>308,181</b>	<b>93,637</b>	<b>68,405</b>	<b>61,701</b>

Prepared on a Government Financial Statistics (fiscal) basis

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups that demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of Centrelink in achieving government outcomes.

#### **2.1.1 Outcome 1: Access to Government services that effectively support: self-sufficiency through participation in employment, education, training and the community; families and people in need; and the integrity of Government outlays in these areas**

##### **Outcome 1 Strategy**

The role that Centrelink plays to deliver the outputs specified within the Business Partnership Agreements with policy departments will ensure achievement of this outcome.

##### **Outcome 1 Resource statement**

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

**Table 2.1: Total resources for Outcome 1**

<b>Outcome 1: Access to Government services that effectively support: self sufficiency through participation in employment, education, training and the community; families and people in need; and the integrity of Government outlays in these areas</b>		2008-09	2007-08
		Total estimate of available resources \$'000	Estimated actual \$'000
<b>Output Group 1.1:</b>			
Departmental Outputs			
Effective and Efficient delivery of Government Services	B1	607,171	608,799
Special Accounts			
Commonwealth Social Services Special Account			
Opening balance		243,638	223,894
Appropriation receipts (Equity Injection)	B2	3,536	41,460
Previous years' outputs		-	2,232
Non-Appropriation receipts to Special Accounts		2,215,758	2,144,550
<b>Subtotal for Output Group 1.1</b>		<b>3,070,103</b>	<b>3,020,935</b>
<b>Total resources for Outcome 1</b>		<b>3,070,103</b>	<b>3,020,935</b>
		2008-09	2007-08
<b>Average staffing level (number)</b>		24,700	24,900

**Note 1:** Appropriation items receipted into the Commonwealth Social Services Special Account.

(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services).

This amount is receipted, but not reported above in the Commonwealth Social Services Special Accounts-"Appropriation receipts" to avoid double count of resources available by this amount.

(B2) - Annual Appropriation Bill 2 (Other Services).

Centrelink Budget Statements

The following is a summary of Centrelink's future revenue by Policy Departments.

**Table 2.1.1: Supplementary Table – Centrelink Summary of Future Revenue**

	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>FaHCSIA</b>	986,425	834,786	811,961	821,602
<b>DEEWR</b>	1,047,373	894,768	906,723	918,152
<b>DoHA</b>	12,848	12,346	12,394	12,518
<b>DAFF</b>	14,712	5,790	3,315	3,311
<b>DIISR</b>	4,933	3,089	2,193	2,214
<b>DIAC</b>	495	-	-	-
<b>Subtotal Service Delivery</b>	<b>2,066,786</b>	<b>1,750,779</b>	<b>1,736,586</b>	<b>1,757,797</b>
Departmental Appropriations <sup>1</sup>	607,171	549,827	551,921	558,585
Revenue from other sources <sup>2</sup>	98,678	93,110	94,769	89,146
<b>Total</b>	<b>2,772,635</b>	<b>2,393,716</b>	<b>2,383,276</b>	<b>2,405,528</b>

**Note 1:** Departmental Appropriations include amounts directly appropriated to Centrelink for Infrastructure funding, Compensation for Detriment caused by Defective Administration (CDDA) and some specific Budget measures.

**Note 2:** Revenue from other sources includes anticipated revenue from new business outside existing business partnership agreements or service level agreements with Policy Departments.

**Note 3:** All revenue is prepared on accrual basis and can be reconciled to the Income Statement. Refer to Table 3.2.1.

**Contributions to Outcome 1**

**Output Group 1.1: Effective and efficient delivery of Government services**

Centrelink’s Strategic Balanced Scorecard will report upon Centrelink’s performance against its Strategic Priorities, which aim to achieve Outcome 1.

<b>Output Group 1.1: Effective and efficient delivery of Government Services</b>	
<p>The performance measures listed below indicate Centrelink’s performance in delivering Government services effectively and efficiently. These performance measures are grouped around its Strategic Priorities (components of output group 1.1).</p> <p>Components of Output Group 1.1:</p> <ul style="list-style-type: none"> <li>• Build capability and support our people to deliver the Government’s priorities</li> <li>• Improve the customer experience</li> <li>• Support the Minister and the Department of Human Services to improve service delivery</li> <li>• Demonstrate united leadership</li> <li>• Prepare for increasing integration with Human Services agencies</li> <li>• Ensure effective and efficient delivery of services</li> <li>• Strengthen relationships with local communities</li> </ul>	
Key Performance Indicators	2008-09 Target
Percentage availability of capability to enable the delivery of the Government’s priorities	Workforce availability percentage IT platforms availability percentage
Increase in positive customer experience	Customer charter performance targets Customer satisfaction results
Support provided to the Minister and the Department of Human Services to improve service delivery	Centrelink’s role in the improvement of service delivery Increase in E-Services Ministerial briefs meet satisfactory standard and are submitted within agreed timeframes
Proportion of employees who demonstrate united leadership	Positive results in the People Survey, performance rankings and other key indicators

*Centrelink Budget Statements*

Key Performance Indicators	2008-09 Target
Degree of shared services and integrated service delivery across Human Services Agencies	Degree of joined up service delivery
Operate within budget	Actual operating result within approved budget parameters
Percentage of Centrelink Areas with effective relationships with local communities	Implementation of strategies to develop relationships to enable tailored service offers

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements that provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in departmental funds, special accounts and government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. Outcome resource statements include details of the expected use of available resources in contributing towards outcomes in the Budget year. The difference between the agency level resource statement and the sum of all outcome resource statements is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities. Table 3.1.1 reconciles the total available appropriation and amounts attributable to all outcomes.

**Table 3.1.1: Reconciliation of total available appropriation and outcomes**

	\$'000
<b>Total available departmental operating appropriation (outputs)</b>	607,171
Less total estimated payments in 2008-09	(607,171)
<b>Estimated departmental outputs carried forward and available for 2009-10</b>	-

### 3.1.3 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* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by Centrelink.

**Table 3.1.3: Estimates of Special Account cash flows and balances**

		Opening balance <b>2008-09</b> 2007-08	Receipts <b>2008-09</b> 2007-08	Payments <b>2008-09</b> 2007-08	Closing balance <b>2008-09</b> 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000
Commonwealth Social Services Special Account (D)	1	<b>243,638</b> 223,894	<b>2,826,465</b> 2,797,041	<b>(2,872,492)</b> (2,777,297)	<b>197,611</b> 243,638
Commonwealth Service Delivery Agency Other Trust Moneys Account (T)		<b>674</b> 454	<b>1,800</b> 2,354	<b>(1,880)</b> (2,134)	<b>594</b> 674
<b>Total special accounts</b>					
<b>2008-09 Budget estimate</b>		<b>244,312</b>	<b>2,828,265</b>	<b>(2,874,372)</b>	<b>198,205</b>
Total special accounts					
2007-08 estimate actual		224,348	2,799,395	(2,779,431)	244,312

D = Departmental;  
T = Assets held in Trust

### 3.1.4 Australian Government Indigenous Expenditure

**Table 3.1.4: Australian Government Indigenous Expenditure**

Outcome	Appropriations				Other \$'000	Total \$'000	Output Group
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	<b>Centrelink</b>						
<b>Outcome 1</b>							
<b>Access to Government services that effectively support: self sufficiency through participation in employment, education, training and the community; families and people in need; and the integrity of Government outlays in these areas</b>							
Departmental 2008-09	4,351	-	-	4,351	118,227	126,929	1.1
<i>Departmental 2007-08</i>	-	-	-	-	137,563	137,563	1.1
<b>Total Outcome 2008-09</b>	<b>4,351</b>	<b>-</b>	<b>-</b>	<b>4,351</b>	<b>118,227</b>	<b>126,929</b>	
<i>Total Outcome 2007-08</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>137,563</i>	<i>137,563</i>	
<hr/>							
Total Departmental 2008-09	4,351	-	-	4,351	118,227	126,929	
<i>Total Departmental 2007-08</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>137,563</i>	<i>137,563</i>	
<hr/>							
<b>Total AGIE 2008-09</b>	<b>4,351</b>	<b>-</b>	<b>-</b>	<b>4,351</b>	<b>118,227</b>	<b>126,929</b>	
<i>Total AGIE 2007-08</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>137,563</i>	<i>137,563</i>	

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

The significant differences between resource information presented in the Budget Papers and Portfolio Budget Statements are the result of differences between Australian Accounting Standards (AAS) and Government Finance Statistics (GFS).

These differences mainly comprise of:

- 2007-08 Unearned Revenue recognised in 2008-09 in the Income Statement (AAS);
- GST cash receipts included in the Agency Resource Statement (GFS); and
- Resources Received Free of Charge (AAS).

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental**

##### **Income Statement (see table 3.2.1)**

Centrelink is budgeting for an operating loss of \$32.01m for 2007-08 and break-even operating results for the forward years.

The budgeted operating loss for 2007-08 is mainly due to significant financial pressures including reduction in revenue resulting from Centrelink Funding Model Reconciliations (CFM).

The 2008-09 revenue is estimated to increase by \$103.94m from the 2007-08 estimated revenue of \$2,668.70m reflecting net increase in funding from 2008-09 Budget measures.

The 2008-09 expense is also estimated to increase correspondingly by \$103.94m from 2007-08.

**Balance Sheet (see table 3.2.2)**

Centrelink's budgeted net asset position of \$305.77m represents an increase of \$3.54m from the 2007-08 estimates. The increase is mainly due to capital injections received in 2008-09 to fund capital works relating to certain Budget measures.

The 2008-09 total assets are expected to decrease by \$15.77m to \$908.77m, mainly reflecting an anticipated decrease in trade and other receivables by \$26.55m and offset by increase in cash in bank of \$2.58m and net increases in fixed assets of \$8.20m.

Centrelink's total liabilities are estimated to decrease by approximately \$19.31m in 2008-09 and the primary liability continues to be accrued employee leave entitlements.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	608,799	607,171	549,827	551,921	558,585
Rendering of services	2,056,553	2,161,983	1,840,266	1,827,587	1,843,024
<b>Total revenue</b>	<b>2,665,352</b>	<b>2,769,154</b>	<b>2,390,093</b>	<b>2,379,508</b>	<b>2,401,609</b>
<b>Gains</b>					
Other	3,346	3,481	3,623	3,768	3,919
<b>Total gains</b>	<b>3,346</b>	<b>3,481</b>	<b>3,623</b>	<b>3,768</b>	<b>3,919</b>
<b>Total income</b>	<b>2,668,698</b>	<b>2,772,635</b>	<b>2,393,716</b>	<b>2,383,276</b>	<b>2,405,528</b>
<b>EXPENSE</b>					
Employees	1,745,406	1,835,531	1,446,775	1,432,994	1,455,424
Suppliers	807,271	778,429	791,228	795,378	812,900
Depreciation and amortisation	141,311	153,175	150,213	149,404	131,704
Write-down of assets and impairment of assets	6,725	5,500	5,500	5,500	5,500
<b>Total expenses</b>	<b>2,700,713</b>	<b>2,772,635</b>	<b>2,393,716</b>	<b>2,383,276</b>	<b>2,405,528</b>
<b>Surplus/(Deficit)</b>	<b>(32,015)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(32,015)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	19,369	21,951	21,335	22,230	22,282
Trade and other Receivables	275,710	227,207	248,419	281,297	305,469
<b>Total financial assets</b>	<b>295,079</b>	<b>249,158</b>	<b>269,754</b>	<b>303,527</b>	<b>327,751</b>
<b>Non-financial assets</b>					
Land and buildings	199,355	222,047	218,917	215,073	212,446
Infrastructure, plant and equipment	129,539	131,508	150,982	149,686	171,032
Intangibles	250,571	256,305	252,805	258,372	250,221
Prepayments	50,000	49,754	49,754	49,754	49,754
<b>Total non-financial assets</b>	<b>629,465</b>	<b>659,614</b>	<b>672,458</b>	<b>672,885</b>	<b>683,453</b>
<b>Total assets</b>	<b>924,544</b>	<b>908,772</b>	<b>942,212</b>	<b>976,412</b>	<b>1,011,204</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	467,301	484,923	514,497	545,279	577,767
Other	14,063	7,862	4,981	3,161	1,717
<b>Total provisions</b>	<b>481,364</b>	<b>492,785</b>	<b>519,478</b>	<b>548,440</b>	<b>579,484</b>
<b>Payables</b>					
Suppliers	47,705	49,149	51,604	53,951	55,569
Other	93,245	61,072	62,834	65,725	67,855
<b>Total payables</b>	<b>140,950</b>	<b>110,221</b>	<b>114,438</b>	<b>119,676</b>	<b>123,424</b>
<b>Total liabilities</b>	<b>622,314</b>	<b>603,006</b>	<b>633,916</b>	<b>668,116</b>	<b>702,908</b>
<b>Net assets</b>	<b>302,230</b>	<b>305,766</b>	<b>308,296</b>	<b>308,296</b>	<b>308,296</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	301,041	304,577	307,107	307,107	307,107
Reserves	33,505	33,505	33,505	33,505	33,505
Accumulated deficits	(32,316)	(32,316)	(32,316)	(32,316)	(32,316)
<b>Total equity</b>	<b>302,230</b>	<b>305,766</b>	<b>308,296</b>	<b>308,296</b>	<b>308,296</b>
<b>Current assets</b>	<b>335,079</b>	<b>289,158</b>	<b>309,754</b>	<b>343,527</b>	<b>367,751</b>
<b>Non-current assets</b>	<b>589,465</b>	<b>619,614</b>	<b>632,458</b>	<b>632,885</b>	<b>643,453</b>
<b>Current liabilities</b>	<b>90,236</b>	<b>87,436</b>	<b>91,918</b>	<b>96,877</b>	<b>101,922</b>
<b>Non-current liabilities</b>	<b>532,078</b>	<b>515,570</b>	<b>541,998</b>	<b>571,239</b>	<b>600,986</b>

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

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Rendering of services	2,057,511	2,146,820	1,846,854	1,834,907	1,846,751
Appropriations	608,799	607,171	549,827	551,921	558,585
Net GST Received	87,039	68,938	71,003	69,957	71,877
Cash from the Official Public Account	-	48,609	-	-	-
<b>Total cash received</b>	<b>2,753,349</b>	<b>2,871,538</b>	<b>2,467,684</b>	<b>2,456,785</b>	<b>2,477,213</b>
<b>Cash used</b>					
Employees	1,732,604	1,852,997	1,451,525	1,436,364	1,457,506
Suppliers	825,111	830,425	829,650	831,434	770,500
Cash to the Official Public Account	20,269	-	21,096	32,761	101,383
<b>Total cash used</b>	<b>2,577,984</b>	<b>2,683,422</b>	<b>2,302,271</b>	<b>2,300,559</b>	<b>2,329,389</b>
<b>Net cash from operating activities</b>	<b>175,365</b>	<b>188,116</b>	<b>165,413</b>	<b>156,226</b>	<b>147,824</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	167,845	119,094	108,732	87,487	97,332
Purchase of intangibles	51,737	69,976	59,827	67,844	50,440
<b>Total cash used</b>	<b>219,582</b>	<b>189,070</b>	<b>168,559</b>	<b>155,331</b>	<b>147,772</b>
<b>Net cash used by investing activities</b>	<b>(219,582)</b>	<b>(189,070)</b>	<b>(168,559)</b>	<b>(155,331)</b>	<b>(147,772)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	43,692	3,536	2,530	-	-
<b>Total cash received</b>	<b>43,692</b>	<b>3,536</b>	<b>2,530</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from financing activities</b>	<b>43,692</b>	<b>3,536</b>	<b>2,530</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(525)</b>	<b>2,582</b>	<b>(616)</b>	<b>895</b>	<b>52</b>
Cash at the beginning of the reporting period	19,894	19,369	21,951	21,335	22,230
<b>Cash at the end of the reporting period</b>	<b>19,369</b>	<b>21,951</b>	<b>21,335</b>	<b>22,230</b>	<b>22,282</b>

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2008</b>				
Balance carried forward from previous period	(32,316)	33,505	301,041	302,230
Adjustment for changes in accounting policies	-	-	-	-
<b>Adjusted opening balance</b>	<b>(32,316)</b>	<b>33,505</b>	<b>301,041</b>	<b>302,230</b>
<b>Income and expense</b>				
Surplus (deficit) for the period	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners</b>				
<i>Contribution by owners</i>				
Appropriation (equity injection)	-	-	3,536	3,536
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>3,536</b>	<b>3,536</b>
<b>Estimated closing balance as at 30 June 2009</b>	<b>(32,316)</b>	<b>33,505</b>	<b>304,577</b>	<b>305,766</b>

### **3.2.4 Notes to the Budgeted Financial Statements**

#### **1. Basis of Preparation of the Budgeted Financial Report**

The Budgeted Financial Statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

Centrelink's Budgeted Financial Report has been prepared on an accrual basis and is in accordance with historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Unless alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to Centrelink or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.