

MEDICARE AUSTRALIA

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MEDICARE AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

Medicare Australia administers a range of health-related and other programs on behalf of the Australian Government, and plays an integral role in the Australian health sector in particular, by supporting the development of E-Health initiatives.

The objective of Medicare Australia is to work together with our strategic policy partners and stakeholders to improve the health and wellbeing of Australians by delivering information and payment services.

There have been no significant changes to the role of Medicare Australia to that described in the 2008-09 Portfolio Budget Statements. Medicare Australia has not been affected by any Administrative Arrangements Orders and therefore does not have any outputs transferred to or from, other agencies.

Further details can be found in the 2008-09 Portfolio Budget Statements.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins for the 2008-09 Budget year. The table summarises how resources will be applied by outcome and by administered and departmental classification.

The total resourcing for Medicare Australia including Special accounts in 2008-09 is \$1,105m.

Table 1.1: Medicare Australia resource statement – Additional estimates for 2008-09 as at Additional Estimates December 2008

	Estimate as at Budget ⁺	Proposed Additional Estimates ⁼	Total Estimate at Additional Estimates	Total Available Appropriation
	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000	2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs	735,591	- ^{1,5}	735,591	743,339
s31 Relevant agency receipts	83,701	5,831 ³	89,532	87,213
Total	819,292	5,831	825,123	830,552
Administered expenses				
Outcome 1	6,843	- ¹	6,843	1,401
Total	6,843	-	6,843	1,401
Total ordinary annual services	A 826,135	5,831	831,966	831,953
Other services				
Departmental non-operating				
Equity injections	23,045	1,089 ²	24,134	21,764
Previous years' outputs	16,206	-	16,206	10,784
Total	39,251	1,089	40,340	32,548
Total other services	B 39,251	1,089	40,340	32,548
Total Available Annual Appropriations	865,386	6,920	872,306	864,501
Special Appropriations				
Total Special Appropriations	C -	-	-	-
Total Appropriations excluding Special Accounts	865,386	6,920	872,306	864,501

Table 1.1: Medicare Australia resource statement – Additional estimates for 2008-09 as at Additional Estimates December 2008 (continued)

	Estimate as at Budget +	Proposed Additional = Estimates	Total Estimate at Additional Estimates	Total Available Appropriation
	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000	2007-08 \$'000
Special Accounts				
Opening balance ⁴	37,876		37,876	33,403
Non-Appropriation receipts to Special Accounts	195,069		195,069	202,145
Total Special Account D	232,945	-	232,945	235,549
Total resourcing (A+B+C+D)	1,098,332	6,920	1,105,252	1,100,050
Total net resourcing for Medicare Australia	1,098,332	6,920	1,105,252	1,100,050

1. Appropriation Bill (No.3) 2008-09.
 2. Appropriation Bill (No.4) 2008-09.
 3. Total s31 Relevant Agency receipts — estimate.
 4. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.1.
 5. Medicare Australia has a net reduction in Additional Estimates of \$2.876m as detailed in table1.5. This amount remains available pending formal application for a reduction in appropriations.
- Reader Note: All figures are GST exclusive.

Third Party Drawdowns from and on behalf of other agencies

	Estimate at Budget	Estimate at Additional Estimates
	2008-09 \$'000	2008-09 \$'000
Payments made on behalf of other agencies (disclosed in the respective agency Resource Statement)		
Revenue received from other agencies for the provision of services (disclosed above within Departmental s31)		
Department of Veterans' Affairs	17,724	17,724
Department of Health and Ageing	13,173	20,589
Department of Families, Housing, Community Services and Indigenous Affairs	9,181	9,181
Centrelink	14,000	14,713
Department of Education, Employment and Workplace Relations	290	290
Australian National Audit Office	350	350
Other External Entities	28,983	26,685
Total s31 Relevant agency receipts	83,701	89,532

Notes:

1. Medicare Australia does not have any third party drawdown rights to draw against appropriations of other agencies.
2. Medicare Australia has services delivery arrangements with above agencies.

Table 1.1: Medicare Australia resource statement – Additional estimates for 2008-09 as at Additional Estimates December 2008 (continued)

Prior year Annual Appropriations Carried Forward and Special Account Opening Balances finalised in Agency Annual Report			
	Estimate	Actual	Total Adjustment
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Departmental outputs - ordinary annual services	117,653	127,231	9,578
Departmental - non- operating - equity injections	8,602	13,546	4,944
Departmental - non- operating - Previous years Outputs	-	10,784	10,784
Administered non- operating- administered assets and liabilities	-	1,401	1,401
Special account opening balances	27,841	37,876	10,035

1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2008-09 Budget. The table is split into revenue, expense and capital measures, with the affected output group identified.

Table 1.2: Agency Measures since Budget

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Departmental Outputs					
Department of Health & Ageing					
Expense measures					
Medicare Benefits Schedule - new and revised listings	1.1	73	56	59	62
Pharmaceutical Benefits Scheme					
- changes to the administration of funding for Highly Specialised Drugs	1.1	955	2,037	1,724	1,590
- extension to the listing of Humira® (adalimumab)	1.1	74	89	158	169
- extension to the listing of Plavix® and Isocover® (clopidogrel)	1.1	21	54	62	67
- listing of Noxafil® (posaconazole)	1.1	6	9	10	10
- minor new listings	1.1	364	278	217	220
Pharmaceutical Benefits Scheme and National Diabetes Services Scheme – extension of access to government employees living overseas					
	1.1	18	19	20	21
Health Workforce - additional general practice training places	1.1	1	210	673	782
Department of Innovation, Industry, Science & Research					
Expense measures					
Additional 2008-09 funding for the LPG Vehicle Scheme	1.1	1,055	-	-	-
Total expense measures	Total	2,567	2,752	2,923	2,921
Department of Health & Ageing					
Capital measures					
Pharmaceutical Benefits Scheme					
- changes to the administration of funding for Highly Specialised Drugs	1.1	1,089	241	-	-
Total capital measures	Total	1,089	241	-	-

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for Medicare Australia at Additional Estimates, by outcome. Table 1.3 details the additional estimates and variations resulting from new measures since the 2008-09 Budget in Appropriation Bills No.3 and No.4. Table 1.4 details additional estimates or variations through other factors, such as parameter adjustments.

Table 1.3: Additional estimates and variations to outcomes from measures since 2008-09 Budget

	Output Group Impacted	2008-09 (\$'000)	2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)
Outcome 1					
Increase in estimates (departmental)					
Medicare Benefits Schedule - new and revised listings					
Pharmaceutical Benefits Scheme	1.1	73	56	59	62
- changes to the administration of funding for Highly Specialised Drugs					
(adalimumab)	1.1	2,044	2,570	2,070	1,935
	1.1	74	89	158	169
- extension to the listing of Plavix® and Isocover® (clopidogrel)					
	1.1	21	54	62	67
- listing of Noxafil® (posaconazole)	1.1	6	9	10	10
- minor new listings					
	1.1	364	278	217	220
Pharmaceutical Benefits Scheme and National Diabetes Services Scheme – extension of access to government employees living overseas					
	1.1	18	19	20	21
Health Workforce - additional general practice training places					
	1.1	1	210	673	782
Additional 2008-09 funding for the LPG Vehicle Scheme					
	1.1	1,055	-	-	-
Net impact on estimates for Outcome 1 (departmental)		3,656	3,285	3,269	3,266

Table 1.4: Additional estimates and variations to outcomes from other variations

	Output Group Impacted	2008-09 (\$'000)	2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)
Outcome 1					
Increase in estimates (departmental)					
WCI Adjustment	1.1		2,855	3,569	4,341
Depreciation Expense reduction	1.1				
Decrease in estimates (departmental)					
Change in MBS & PBS transaction volumes	1.1	(5,443)	(6,830)	(8,997)	(11,174)
Net impact on estimates					
for Outcome 1 (departmental)		(5,443)	(3,975)	(5,428)	(6,833)

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for Medicare Australia through Appropriation Bills No.3 and No.4.

Table 1.5: Appropriation Bill (No. 3) 2008-09

	2007-08 available (\$'000)	2008-09 Budget (\$'000)	2008-09 revised (\$'000)	Additional estimates (\$'000)	Reduced estimates (\$'000)
ADMINISTERED ITEMS					
Outcome 1					
Improving Australia's health through payments and information	1,401	5,442	5,442	-	-
Total	1,401	5,442	5,442	-	-
DEPARTMENTAL OUTPUTS					
Outcome 1					
Improving Australia's health through payments and information	584,376	608,360	605,150	2,567	(5,443)
Total	584,376	608,360	605,150	2,567	(5,443)
Total administered and departmental	585,777	613,802	610,592	2,567	(5,443)

Table 1.6: Appropriation Bill (No. 4) 2008-09

	2007-08 available (\$'000)	2008-09 Budget (\$'000)	2008-09 revised (\$'000)	Additional Estimates (\$'000)	Reduced estimates (\$'000)
OTHER ADMINISTERED ITEMS					
Outcome 1					
Non-operating					
Equity injections Measure (name)	25,591	9,499	10,588	1,089	-
Loans Previous years' outputs Administered assets and liabilities	10,784	5,422	5,422	-	-
Total non-operating					
Medicare Australia					
Total	36,375	14,921	16,010	1,089	-

Section 2: Revisions to agency outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

No changes have been made to Medicare Australia's outcome structure and output group. Complete details of Medicare Australia's Outcomes and Performance information can be found in the 2008-09 Portfolio Budget Statement.

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.5 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by Medicare Australia. The corresponding table in the 2008-09 PB Statements is Table 3.1.3.

Table 3.1.1: Estimates of special account flows

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Recovery of Compensation for Health Care & Other Services Special Account. (A) ¹	1	37,876	193,856	175,606		56,126
	1	33,403	202,145	197,672		37,876
Other Trust Monies Account. (D) ²	1	249	1,213	1,213		249
	1	230	1,194	1,175		249
Total special accounts						
2008-09 Budget estimate		38,125	195,069	176,819	-	56,375
Total special accounts						
2007-08 estimate actual		33,633	203,340	198,847	-	38,125

(A) = Administered
(D) = Departmental

1. Legal Authority: FMA Act 1997 s20
Purpose – for the receipt of monies following a judgement or settlement, under the Health and Other Services Compensation Act 1995.
2. Legal Authority: FMA Act 1997 s20.
Purpose – for the expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth

3.1.6 Estimates of variations to Average Staffing Level

Changes in Average Staff Level (ASL) are presented in the Portfolio Additional Estimates Statements at the whole of agency level to demonstrate any movements since Budget. The ASL figures for Budget were reported in agency PB Statements in each Outcome Resourcing Table.

Table 3.1.2: Average Staffing Level (ASL)

	2008-09 Budget	2008-09 Revised	Variation
Outcome 1			
Improving Australia's health through payments and information	5,286	5,201	(85)

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

An analysis of Medicare Australia's budgeted departmental financial statements is provided below.

Budgeted departmental statement of financial performance (see Table 3.2.1)

Medicare Australia is budgeting for a breakeven result for 2008-09, compared to an actual 2007-08 result of a \$6.3m loss. The departmental revenue estimate for 2008-09 is \$696.0m which is an increase of \$4.9m from the 2008-09 Budget.

The key revenue movement from the 2008-09 Budget is new expense measures totalling \$2.7m, appropriation reductions of \$5.4m for changes in Medicare service volumes and an increase in contract revenue of \$8.1m.

Budgeted departmental statement of financial position (see Table 3.2.2)

There are no material changes to the net asset position from the 2008-09 Budget.

Financial assets have increased by \$12.9m to \$166.0m from the 2008-09 Budget. The main increases were in accrued revenues (\$3.5m), receivables (\$5.8m), and cash and cash equivalents (\$3.6m).

Non-financial assets have fallen by \$17.9m from the 2008-09 Budget, mainly as a result of a decrease in infrastructure, plant and equipment asset of \$5.8m to \$2.0m, as well as a decrease in intangibles by \$13.3m to \$51.3m.

Employee provisions remain the main liability, increasing by \$5.8m to \$96.8m since the 2008-09 Budget.

3.2.2 Budgeted financial statements

Departmental financial statements

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

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	599,022	605,150	616,534	643,817	678,089
Goods and services	90,676	89,713	67,661	61,284	60,505
Rents	818	800	800	800	800
Total revenue	690,516	695,663	684,995	705,901	739,394
Gains					
Net foreign exchange gains	3	-	-	-	-
Other	530	350	350	350	350
Total gains	533	350	350	350	350
Total income	691,049	696,013	685,345	706,251	739,744
EXPENSE					
Employees	349,511	370,785	353,953	369,460	391,278
Suppliers	286,477	285,897	284,044	292,540	305,066
Depreciation and amortisation	47,838	39,331	47,348	44,251	43,400
Write-down of assets and impairment of assets	12,130	-	-	-	-
Net losses from sale of assets	1,061	-	-	-	-
Net foreign exchange losses	3	-	-	-	-
Other	306	-	-	-	-
Total expenses	697,326	696,013	685,345	706,251	739,744
Operating result before Income Tax	(6,277)	-	-	-	-
Income Tax expense	-	-	-	-	-
Net operating result	(6,277)	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	(6,277)	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	6,179	8,690	8,690	8,690	8,690
Receivables	162,041	151,111	168,504	176,653	189,450
Accrued revenues	6,189	6,189	6,189	6,189	6,189
Other financial assets					
Total financial assets	174,409	165,990	183,383	191,532	204,329
Non-financial assets					
Land and buildings	61,089	68,621	71,968	71,121	64,764
Infrastructure, plant and equipment	2,597	2,047	2,799	2,314	2,128
Heritage and cultural assets	93	93	93	93	93
Inventories					
Intangibles	55,084	51,307	53,319	48,143	46,742
Other	8,890	23,301	8,890	8,890	8,890
Total non-financial assets	127,753	145,369	137,069	130,561	122,617
Total assets	302,162	311,359	320,452	322,093	326,946
LIABILITIES					
Payables					
Suppliers	50,789	50,247	51,605	52,512	55,193
Other payables	15,922	15,338	27,316	24,321	21,326
Total payables	66,711	65,585	78,921	76,833	76,519
Provisions					
Employees	97,057	96,792	92,308	96,037	101,204
Other provisions	7,430	7,430	7,430	7,430	7,430
Total provisions	104,487	104,222	99,738	103,467	108,634
Total liabilities	171,198	169,807	178,659	180,300	185,153
EQUITY*					
Parent entity interest					
Contributed equity	143,702	154,290	154,531	154,531	154,531
Reserves	24	24	24	24	24
Retained surpluses or accumulated deficits	(12,762)	(12,762)	(12,762)	(12,762)	(12,762)
Total equity	130,964	141,552	141,793	141,793	141,793
Current assets	183,299	189,291	192,273	200,422	213,219
Non-current assets	118,863	122,068	128,179	121,671	113,727
Current liabilities	138,009	136,888	144,024	145,346	149,259
Non-current liabilities	33,189	32,919	34,635	34,954	35,894

Prepared on Australian Accounting Standards basis.

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
OPERATING ACTIVITIES					
Cash received					
Goods and services	91,605	89,532	85,036	60,133	57,914
Appropriations	582,885	615,677	593,744	633,824	664,888
Net GST Received	996	-	-	-	-
Other cash received	-	800	800	800	800
Total cash received	675,486	706,009	679,580	694,757	723,602
Cash used					
Employees	338,124	372,472	360,244	367,745	386,329
Suppliers	290,091	284,667	280,529	289,269	301,817
Total cash used	628,215	657,139	640,773	657,014	688,146
Net cash from or (used by) operating activities	47,271	48,870	38,807	37,743	35,456
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	54,435	56,947	39,048	37,743	35,456
Total cash used	54,435	56,947	39,048	37,743	35,456
Net cash from or (used by) investing activities	(54,435)	(56,947)	(39,048)	(37,743)	(35,456)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	8,228	10,588	241	-	-
Total cash received	8,228	10,588	241	-	-
Net cash from or (used by) financing activities	8,228	10,588	241	-	-
Net increase or (decrease) in cash held	1,064	2,511	-	-	-
Cash at the beginning of the reporting period	5,115	6,179	8,690	8,690	8,690
Cash at the end of the reporting period	6,179	8,690	8,690	8,690	8,690

Prepared on Australian Accounting Standards basis.

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

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(12,762)	24	-	143,702	130,964
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(12,762)	24	-	143,702	130,964
<i>Contribution by owners</i>					
Appropriation (equity injection)				10,588	10,588
Sub-total transactions with owners	-	-	-	10,588	10,588
Estimated closing balance as at 30 June 2009	(12,762)	24	-	154,290	141,552

Prepared on Australian Accounting Standards basis.

Schedule of administered activity

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
<i>Total taxation</i>	-	-	-	-	-
Non-taxation					
<i>Total non-taxation</i>	-	-	-	-	-
Total revenues administered on behalf of Government	-	-	-	-	-
Gains					
Total gains administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	-	-	-	-	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	1,401	5,442	3,742	-	-
Total expenses administered on behalf of Government	1,401	5,442	3,742	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	-	1,266	501	-	-
Total financial assets	-	1,266	501	-	-
Total assets administered on behalf of Government	-	1,266	501	-	-
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Grants	1,401	1,266	501	-	-
Total payables	1,401	1,266	501	-	-
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of Government	1,401	1,266	501	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual 2007-08 \$'000	Revised budget 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Total cash received	-	-	-	-	-
Cash used					
Grant payments	-	5,049	4,507	501	-
Total cash used	-	5,049	4,507	501	-
Net cash from or (used by) operating activities	-	(5,049)	(4,507)	(501)	-
Net increase or (decrease) in cash held	-	(5,049)	(4,507)	(501)	-
Cash at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- appropriations	-	5,049	4,507	501	-
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.3 Notes to the financial statements

The financial statements reflect the entries to the Central Budget Management System (CBMS) as at November 2008.

Basis of accounting

Medicare Australia's budget statements have been prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other Finance guidelines.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

Revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits can be reliably measured.