

# **PRIVATE HEALTH INSURANCE ADMINISTRATION COUNCIL**

## **Agency Resources and Planned Performance**

**PHIAC**



# Private Health Insurance Administration Council

Health Portfolio Agency

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## Section 1: Agency Overview and Resources

### 1.1 Strategic Direction Statement

The Australian Government, through the Private Health Insurance Administration Council (PHIAC), aims to protect the interests of consumers through prudential and administrative regulation of the private health insurance industry. PHIAC administers the registration of private health insurers, is responsible for regulating the prudential performance of the insurers, and advises the Minister for Health about the insurers' financial operations and affairs.

The Government will transfer the functions of PHIAC to the Australian Prudential Regulation Authority (APRA) and the Department of Health by 1 July 2015, with a view to closing the agency. Roles and functions will be considered between agencies during the transitional year.

The *Private Health Insurance (Council Administration Levy) Act 2003* requires the Australian Government to impose an administration levy on private health insurers for the general operating costs of PHIAC. The role and functions of PHIAC are set out in the *Private Health Insurance Act 2007* (PHI Act). From 1 July 2014, PHIAC will be governed by the *Public Governance, Performance and Accountability Act 2013*.

## 1.2 Agency Resources

Table 1.2.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by Departmental classifications.

**Table 1.2.1: PHIAC Resource Statement – Budget Estimates for 2014-15 as at Budget May 2014**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Estimated available appropriation 2013-14 \$'000
<b>Opening balance/reserves at bank</b>	6,058	-	6,058	5,895
<b>FUNDS FROM GOVERNMENT</b>				
<b>Ordinary annual services<sup>1</sup></b>				
Outcome 1	-	-	-	-
<b>Total ordinary annual services</b>	-	-	-	-
<b>Other services<sup>2</sup></b>				
Non-operating	-	-	-	-
<b>Total other services</b>	-	-	-	-
<b>Total annual appropriations</b>	-	-	-	-
<b>Payments from related entities<sup>3</sup></b>				
Amounts from the Portfolio Department	-	-	-	-
Amounts from other agencies	-	-	-	-
<b>Total payments</b>	-	-	-	-
<b>Total funds from Government</b>	-	-	-	-
<b>Special appropriations</b>				
Private Health Insurance Act 2007 - s307-10 Private Health Insurance (Risk Equalisation Trust Fund) Levy Act 2003	-	504,376	504,376	455,241
Private Health Insurance Act 2007 - s307-10 Private Health Insurance (Council Administration Levy) Act 2003	-	6,768	6,768	6,590
<b>Total special appropriations</b>	-	511,144	511,144	461,831

**Table 1.2.1: PHIAC Resource Statement – Budget Estimates for 2014-15 as at Budget May 2014 (continued)**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Estimated available appropriation 2013-14 \$'000
<b>FUNDS FROM INDUSTRY<sup>4</sup></b>				
Levies	-	511,144	511,144	461,831
<i>less amounts paid to the CRF</i>	-	(511,144)	(511,144)	(461,831)
<b>Total industry funds</b>	-	-	-	-
<b>FUNDS FROM OTHER SOURCES</b>				
Interest	-	209	209	254
Sale of goods and services	-	-	-	-
Other	-	-	-	-
<b>Total other sources</b>	-	<b>209</b>	<b>209</b>	<b>254</b>
<b>Total net resourcing for PHIAC</b>	<b>6,058</b>	<b>511,353</b>	<b>517,411</b>	<b>467,980</b>

Notes:

All figures are GST exclusive.

PHIAC is not directly appropriated as it is currently a CAC Act body. The CAC Act is due to be repealed and replaced by the *Public Governance, Performance and Accountability Act 2013* on 1 July 2014. Currently appropriations are made to the Department of Health which are then paid to the PHIAC and are considered 'departmental' for all purposes.

1 Appropriation Bill (No.1) 2014-15.

2 Appropriation Bill (No.2) 2014-15.

3 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and *Private Health Insurance (Council Administration Levy) Act 2003* and are remitted to the Department of Health (being the Portfolio Department) for return to the Official Public Account. Funds returned to industry for risk equalisation are then appropriated under the *Private Health Insurance Act 2007*, again via the Department of Health, for redistribution to industry. Funds raised under the Council Administration Levy Act are appropriated under the *Private Health Insurance Act 2007* to meet general administrative costs of PHIAC.

### 1.3 Budget Measures

Section 1.3 is not applicable to PHIAC in 2014-15.

## Section 2: Outcomes and Planned Performance

### 2.1 Outcomes and Performance Information

**Prudential safety and competitiveness of the private health insurance industry in the interests of consumers, including through efficient industry regulation**

#### Outcome Strategy

The Australian Government, through PHIAC, aims to protect and maintain a viable, prudentially sound, and competitive private health insurance industry. PHIAC provides reliable and timely private health insurance information to the industry, consumers and the Government. It also manages the Risk Equalisation Trust Fund. The Trust Fund supports 'community rating' of private health insurance premiums by sharing the cost of older contributors (55 years of age and over) and the chronically ill (defined as those with high cost claims, reaching above a certain threshold). PHIAC also maintains prudential and capital standards for the private health insurance industry, and provides direction to the industry on compliance with these standards.

During 2014-15, PHIAC will continue to monitor the private health insurance industry to protect consumer interests by ensuring insurers are well run and prudentially sound. This will include the availability of reliable and transparent information on private health insurance. PHIAC will continue its work to ensure that actuarial advice provided to the funds, particularly as part of the annual Financial Condition Report, is accurate and appropriately targeted to meet the needs of individual insurers and their boards.

During 2014-15 PHIAC will work with APRA and the Department to facilitate the transfer of its functions, assets and liabilities by 1 July 2015, with a view to closing the agency.

## PHIAC Budgeted Expenses and Resources

Table 2.1.1 provides an overview of the total expenses for PHIAC by Programme.

**Table 2.1.1: Budgeted Expenses and Resources for PHIAC**

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
<b>Programme 1.1: Private health insurance prudential regulation and risk equalisation trust management</b>					
Administered expenses					
Revenue from Government					
Amounts from the Portfolio					
Department	455,241	504,376	557,080	613,372	673,240
Revenues from independent sources	67	46	45	43	41
Departmental expenses					
Revenue from Government					
Amounts from the Portfolio					
Department	6,590	6,768	6,974	7,186	7,404
Revenues from independent sources	187	163	163	163	163
Operating deficit (surplus)	(20)	(1)	(1)	(1)	(1)
<b>Total for Programme 1.1</b>	<b>462,065</b>	<b>511,352</b>	<b>564,261</b>	<b>620,763</b>	<b>680,847</b>
<b>Total expenses for Outcome 1</b>	<b>462,065</b>	<b>511,352</b>	<b>564,261</b>	<b>620,763</b>	<b>680,847</b>
	<b>2013-14</b>	<b>2014-15</b>			
<b>Average staffing level (number)</b>	33	32			



## **Programme 1.1: Private Health Insurance Prudential Regulation and Risk Equalisation Trust Management**

### **Programme Objectives**

*Closure of the entity, including windup and transfer of its functions, assets and liabilities to the Australian Prudential Regulation Authority and the Department of Health by 1 July 2015*

PHIAC manage the wind-up process for the entity, in consultation with the Department, APRA, staff and their representatives. PHIAC will ensure that staff understand the options available to them on the closure of the entity. All entitlements for eligible PHIAC staff will be met.

*Prudential safety, industry competitiveness, and consumer confidence*

PHIAC will continue to maintain a strong and visible presence in the industry during the transitional year to APRA and the Department of Health to ensure that consumers of private health insurance can be confident that their insurer will remain efficiently run and financially sound. In particular, PHIAC is maintaining its programme of fund reviews to ensure a sound evidence base for its oversight activities. Reviews promote improved prudential practices and governance and assist in normalising best practice behaviours within the industry. The programme reviews examine aspects of insurers' business which, in PHIAC's assessment, represent increased risk.

*Prudential standards for the private health insurance industry*

A key focus of PHIAC's work will be implementing new Capital Adequacy and Solvency Standards. The new standards, which commenced on 31 March 2014, place a greater emphasis on ensuring that the boards of insurers quantify risk in the business and ensure that proper capital provision is made. This function will transition to APRA from 1 July 2015.

*Effectively manage the Risk Equalisation Trust Fund*

The Risk Equalisation Trust Fund is a central component of the policy of community rating which ensures that all Australians have access to the benefits of private health insurance regardless of their age or health status. PHIAC supports this policy by assessing and administering the payments made into and out of the fund on a quarterly basis. PHIAC will continue to undertake this function to ensure that the fund is administered accurately and on time prior to its move to the Department of Health.

## Programme 1.1: Deliverables<sup>1</sup>

### Qualitative Deliverables for Programme 1.1

**Closure of the entity, including windup and transfer of its functions, assets and liabilities to the Australian Prudential Regulation Authority and the Department of Health by 1 July 2015**

Qualitative Deliverables	2014-15 Reference Point or Target
PHIAC programmes and activities are transferred to the Australian Prudential Regulation Authority and the Department of Health	Information and support is provided to the Australian Prudential Regulation Authority and the Department of Health to assist in the smooth transfer of programmes and activities
PHIAC assets and liabilities are identified and transferred to the Australian Prudential Regulation Authority and the Department of Health	Due diligence completed to identify all assets and liabilities Support provided to transfer assets and liabilities to the Australian Prudential Regulation Authority and the Department of Health

### Prudential safety, industry competitiveness and consumer confidence

Qualitative Deliverable	2014-15 Reference Point or Target
Private health insurance funds are assessed against Capital Adequacy and Solvency Standards to ensure their solvency	Insurers are assessed at least quarterly as part of the examination of mandatory returns, and reports on matters of concern are prepared by management as required and considered by the PHIAC Council in the discharge of its prudential oversight

### Prudential standards for the private health insurance industry

Qualitative Deliverable	2014-15 Reference Point or Target
Prudential standards reflecting best regulatory practice are developed and implemented	Relevant policies are prepared and submitted for industry consultation and feedback

### Effectively manage the Risk Equalisation Trust Fund

Qualitative Deliverable	2014-15 Reference Point or Target
Complete all trust fund transactions correctly and in accordance with legislation	Transactions certified as accurate by the Australian National Audit Office

<sup>1</sup> The functions and deliverables of PHIAC will be reviewed as part of the transfer to APRA and the Department of Health.

## Quantitative Deliverables for Programme 1.1

### Prudential standards for the private health insurance industry

Quantitative Deliverable	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Number of targeted reviews of private health insurers carried out	9	9	N/A	N/A	N/A

## Programme 1.1: Key Performance Indicators<sup>2</sup>

### Quantitative Key Performance Indicators for Programme 1.1

#### Prudential safety, industry competitiveness and consumer confidence

Quantitative Indicator	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of funds continuing to be solvent and compliant with the Capital Adequacy Standard	100%	100%	N/A	N/A	N/A

#### Prudential standards for the private health insurance industry

Quantitative Indicator	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of private health insurers compliant with PHIAC obligations and zero financial loss for policy holders	100%	100%	N/A	N/A	N/A

#### Effectively manage the Risk Equalisation Trust Fund

Quantitative Indicator	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of quarterly payments calculated correctly and made on time <sup>3</sup>	100%	100%	N/A	N/A	N/A

<sup>2</sup> The functions and deliverables of PHIAC will be reviewed as part of the transfer to APRA and the Department of Health.

<sup>3</sup> Payments are made by the industry in accordance with applicable legislation.

## **Section 3: Explanatory Tables and Budgeted Financial Statements**

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014-15 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

### **3.1 Explanatory Tables**

#### **3.1.1 Movement of Administered Funds Between Years**

Section 3.1.1 is not applicable to PHIAC.

#### **3.1.2 Special Accounts**

Section 3.1.2 is not applicable to PHIAC.

#### **3.1.3 Australian Government Indigenous Expenditure (AGIE)**

The 2014-15 AGIE statement is not applicable because PHIAC has no specific Indigenous expenses.

## **3.2 Budgeted Financial Statements**

### **3.2.1 Differences in Agency Resourcing and Financial Statements**

Section 3.2.1 is not applicable to PHIAC.

### **3.2.2 Analysis of Budgeted Financial Statements**

An analysis of PHIAC's financial statements follows in order to provide clarification and additional detail for readers.

#### **Departmental Resources**

##### **Comprehensive Income Statement**

PHIAC is planning a minor operating surplus for 2013-14 and small operating surpluses in 2014-15 and the forward years.

Levy revenues for 2014-15 and forward years reflect an increment consistent with the increases in expenses brought about by normal expected growth in prices for suppliers and employees and an amount for an enhancement in PHIAC's information capacity. Expenditure is budgeted to be \$6.9 million in 2014-15.

##### **Balance Sheet**

The Cash balance is expected to be maintained and there is an expected growth in employee provisions consistent with the growth in salaries and wages.

Other assets and liabilities are expected to remain relatively constant.

##### **Cash Flows**

Cash flows are consistent with the income and expenses discussed above.

##### **Administered Resources**

The administered activities relate to the Private Health Insurance Risk Equalisation Trust Fund which is described earlier in this chapter.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive Income Statement (showing net cost of services)  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
Employee benefits	4,909	5,281	5,511	5,692	5,853
Supplier expenses	1,582	1,360	1,338	1,370	1,425
Depreciation and amortisation	247	260	257	256	258
Other	19	29	30	30	30
<b>Total expenses</b>	<b>6,757</b>	<b>6,930</b>	<b>7,136</b>	<b>7,348</b>	<b>7,566</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	-	-	-	-	-
Interest	187	163	163	163	163
<b>Total revenue</b>	<b>187</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>
<b>Gains</b>					
Other	-	-	-	-	-
<b>Total gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>187</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>
<b>Net cost of (contribution by services)</b>	<b>6,570</b>	<b>6,767</b>	<b>6,973</b>	<b>7,185</b>	<b>7,403</b>
Revenue from Government	6,590	6,768	6,974	7,186	7,404
<b>Surplus (Deficit)</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation reserves	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to the Australian Government</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6,058	6,313	6,622	6,861	7,143
Receivables	116	116	118	118	118
Investments	5	5	5	5	5
<b>Total financial assets</b>	<b>6,179</b>	<b>6,434</b>	<b>6,745</b>	<b>6,984</b>	<b>7,266</b>
<b>Non-financial assets</b>					
Property, plant and equipment	401	331	298	317	256
Intangibles	144	133	80	142	131
Other	88	88	88	88	88
<b>Total non-financial assets</b>	<b>633</b>	<b>552</b>	<b>466</b>	<b>547</b>	<b>475</b>
<b>Total assets</b>	<b>6,812</b>	<b>6,986</b>	<b>7,211</b>	<b>7,531</b>	<b>7,741</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	132	141	181	278	249
Other payables	63	44	12	12	24
<b>Total payables</b>	<b>195</b>	<b>185</b>	<b>193</b>	<b>290</b>	<b>273</b>
<b>Provisions</b>					
Employees	1,595	1,778	1,994	2,216	2,442
Other provisions	90	90	90	90	90
<b>Total provisions</b>	<b>1,685</b>	<b>1,868</b>	<b>2,084</b>	<b>2,306</b>	<b>2,532</b>
<b>Total liabilities</b>	<b>1,880</b>	<b>2,053</b>	<b>2,277</b>	<b>2,596</b>	<b>2,805</b>
<b>Net assets</b>	<b>4,932</b>	<b>4,933</b>	<b>4,934</b>	<b>4,935</b>	<b>4,936</b>
<b>EQUITY</b>					
Reserves	236	236	236	236	236
Retained surpluses or accumulated deficits	4,696	4,697	4,698	4,699	4,700
<b>Total equity</b>	<b>4,932</b>	<b>4,933</b>	<b>4,934</b>	<b>4,935</b>	<b>4,936</b>

**Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2014-15)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	4,696	236	-	-	<b>4,932</b>
Surplus (deficit) for the period	1	-	-	-	<b>1</b>
Appropriation (equity injection)	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2015</b>	<b>4,697</b>	<b>236</b>	<b>-</b>	<b>-</b>	<b>4,933</b>

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	-	-	-	-
Funds from Government	6,590	6,768	6,974	7,186	7,404
Interest	176	163	163	163	163
Net GST received	155	155	155	155	155
Other cash received	-	-	-	-	-
<b>Total cash received</b>	<b>6,921</b>	<b>7,086</b>	<b>7,292</b>	<b>7,504</b>	<b>7,722</b>
<b>Cash used</b>					
Employees	4,754	5,095	5,295	5,471	5,626
Suppliers	1,877	1,557	1,518	1,556	1,628
Net GST paid	-	-	-	-	-
Other cash used	-	-	-	-	-
<b>Total cash used</b>	<b>6,631</b>	<b>6,652</b>	<b>6,813</b>	<b>7,027</b>	<b>7,254</b>
<b>Net cash from (or used by) operating activities</b>	<b>290</b>	<b>434</b>	<b>479</b>	<b>477</b>	<b>468</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	127	179	170	238	186
<b>Total cash used</b>	<b>127</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>
<b>Net cash from (or used by) investing activities</b>	<b>(127)</b>	<b>(179)</b>	<b>(170)</b>	<b>(238)</b>	<b>(186)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Repayment of borrowings	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from (or used by) financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (or decrease)in cash held</b>	<b>163</b>	<b>255</b>	<b>309</b>	<b>239</b>	<b>282</b>
Cash and cash equivalents at the beginning of the reporting period	5,895	6,058	6,313	6,622	6,861
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,058</b>	<b>6,313</b>	<b>6,622</b>	<b>6,861</b>	<b>7,143</b>



**Table 3.2.5: Capital Budget Statement**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	127	179	170	238	186
<b>Total acquisitions of non-financial assets</b>	<b>127</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
<b>Total purchases</b>	<b>127</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>
<b>Total cash used to acquire assets</b>	<b>127</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>

**Table 3.2.6: Statement of Asset Movements (2014-15)**

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2014</b>				
Gross book value	-	1,020	302	<b>1,322</b>
Accumulated depreciation/amortisation and impairment	-	619	158	<b>777</b>
<b>Opening net book balance</b>	<b>-</b>	<b>401</b>	<b>144</b>	<b>545</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services	-	72	107	<b>179</b>
<b>Sub-total</b>	<b>-</b>	<b>72</b>	<b>107</b>	<b>179</b>
<b>Other movements</b>				
Depreciation/amortisation expense	-	142	118	<b>260</b>
Other	-	-	-	-
<b>As at 30 June 2015</b>				
Gross book value	-	1,092	409	<b>1,501</b>
Accumulated depreciation/amortisation and impairment	-	761	276	<b>1,037</b>
<b>Closing net book balance</b>	<b>-</b>	<b>331</b>	<b>133</b>	<b>464</b>

**Table 3.2.7: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Interest	67	46	45	43	41
Risk equalisation levy <sup>1</sup>	455,241	504,376	557,080	613,372	673,240
<b>Total non-taxation</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>
<b>Total revenues administered on behalf of Government</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>
<b>Total income administered on behalf of Government</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Finance costs	67	46	45	43	41
Risk equalisation distribution <sup>1</sup>	455,241	504,376	557,080	613,372	673,240
<b>Total expenses administered on behalf of Government</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>

- 1 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and are remitted to the Department of Health (being the Portfolio Department) for return to the Official Public Account. Funds returned to industry for risk equalisation are then appropriated under the *Private Health Insurance Act 2007*, again via the Department of Health, for redistribution to industry. The funds returned and received from the Department of Health are not duplicated in the table above but are shown under Outcome 6 of the Department of Health chapter in this PB Statements.

**Table 3.2.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	35	35	35	35	35
<b>Total financial assets</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>Total assets administered on behalf of Government</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	5	5	5	5	5
<b>Total payables</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total liabilities administered on behalf of Government</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

**Table 3.2.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Risk equalisation levy <sup>1</sup>	455,241	504,376	557,080	613,372	673,240
Interest	67	46	45	43	41
<b>Total cash received</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>
<b>Cash used</b>					
Risk equalisation distribution <sup>1</sup>	455,241	504,376	557,080	613,372	673,240
Financing costs	67	46	45	43	41
<b>Total cash used</b>	<b>455,308</b>	<b>504,422</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>
<b>Net cash from (or used by)operating activities</b>	-	-	-	-	-
<b>Net increase (or decrease) in cash held</b>	-	-	-	-	-
Cash at beginning of reporting period	35	35	35	35	35
<b>Cash at end of reporting period</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>

- 1 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and are remitted to the Department of Health (being the Portfolio Department) for return to the Official Public Account. Funds returned to industry for risk equalisation are then appropriated under the *Private Health Insurance Act 2007*, again via the Department of Health, for redistribution to industry. The funds returned and received from the Department of Health are not duplicated in the table above but are shown under Outcome 6 of the Department of Health chapter in this PB Statements.