

# **PRIVATE HEALTH INSURANCE ADMINISTRATION COUNCIL**

## **Entity Resources and Planned Performance**



# Private Health Insurance Administration Council

Health Portfolio Entity

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## **Section 1: Entity Overview and Resources**

1.1:	Strategic Direction Statement .....	454
1.2:	Entity Resource Statement .....	455
1.3:	Budget Measures .....	456

## **Section 2: Outcomes and Planned Performance**

2.1:	Outcomes and Performance Information .....	457
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## **Section 3: Explanatory Tables and Budgeted Financial Statements**

3.1:	Explanatory Tables.....	462
3.2:	Budgeted Financial Statements .....	463

## Section 1: Entity 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 protects consumers of private health insurance, by promoting competition and ensuring the prudential safety of the industry. It also advises the Minister for Health about the insurers' financial operations and affairs.

In 2014-15, it was announced that the Government would transfer the functions of PHIAC to the Australian Prudential Regulation Authority (APRA) and the Department of Health, by 1 July 2015. The transfer of PHIAC will occur subject to the passage of legislation. Until this time, PHIAC will continue their role in administering regulation of the Private Health Insurance Industry.

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). PHIAC is a Corporate Commonwealth Entity under the *Public Governance, Performance and Accountability Act 2013*.

## 1.2 Entity Resources

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

**Table 1.1: PHIAC Resource Statement – Budget Estimates for 2015-16 as at Budget May 2015**

	Estimated available appropriation	Estimate of prior year amounts available in	Proposed at Budget	Total estimate
	2014-15 \$'000	2015-16 \$'000	2015-16 \$'000	2015-16 \$'000
<b>Opening balance/reserves at bank</b>	6,315	3,194	-	3,194
<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>				
<i>Non-operating</i>	-	-	-	-
<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>				
<i>Private Health Insurance</i>				
<i>Act 2007 - s307-10 Private Health Insurance (Risk Equalisation Trust Fund)</i>				
<i>Levy Act 2003</i>	454,107	-	557,080	557,080
<i>Private Health Insurance</i>				
<i>Act 2007 - s307-10 Private Health Insurance (Council Administration Levy) Act 2003</i>	4,519	-	6,974	6,974
<b>Total special appropriations</b>	<b>458,626</b>	-	<b>564,054</b>	<b>564,054</b>

**Table 1.1: PHIAC Resource Statement – Budget Estimates for 2015-16 as at Budget May 2015 (continued)**

	Estimated available appropriation	Estimate of prior year amounts available in	Proposed at Budget	Total estimate
	2014-15 \$'000	2015-16 \$'000	2015-16 \$'000	2015-16 \$'000
<b>FUNDS FROM INDUSTRY<sup>4</sup></b>				
Levies	458,626	-	564,054	564,054
<i>less amounts paid to the CRF</i>	<i>(458,626)</i>	<i>-</i>	<i>(564,054)</i>	<i>(564,054)</i>
<b>Total industry funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Interest	209	-	208	208
Other	-	-	-	-
<b>Total other sources</b>	<b>209</b>	<b>-</b>	<b>208</b>	<b>208</b>
<b>Total net resourcing for PHIAC</b>	<b>465,150</b>	<b>3,194</b>	<b>564,262</b>	<b>567,456</b>

All figures are GST exclusive.

CRF = Consolidated Revenue Fund.

The PHIAC is not directly appropriated as it is a Corporate Commonwealth entity. Appropriations are made to the Department of Health which are then paid to the PHIAC.

- 1 Appropriation Bill (No.1) 2015-16.
- 2 Appropriation Bill (No.2) 2015-16.
- 3 Funding provided by a Government entity that is not specified within the annual appropriation bills as a payment to the corporate entity.
- 4 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and *Private Health Insurance (Council Administration Levy) Act 2003* which are remitted to the Department 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 the Council.

### 1.3 Budget Measures

Section 1.3 is not applicable to PHIAC.

## 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 develops and implements prudential and capital standards for the private health insurance industry, and provides direction to the industry on compliance with these standards.

During 2015-16, PHIAC will continue to monitor the private health insurance industry to protect consumer interests by ensuring insurers are well run and prudentially sound until legislation is enabled to transfer functions to APRA. This will include the availability of reliable and transparent information on private health insurance. During this time, 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.

## PHIAC Budgeted Expenses and Resources

Table 2.1 provides an overview of the total expenses for PHIAC by Programme.

**Table 2.1: Budgeted Expenses for PHIAC**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward Year 1 \$'000	2017-18 Forward Year 2 \$'000	2018-19 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	454,107	557,080	613,372	673,240	673,240
Revenues from independent sources	46	45	43	41	41
Departmental expenses					
Revenue from Government					
Amounts from the Portfolio					
Department	4,519	6,974	7,186	7,404	7,404
Revenues from independent sources	163	163	163	163	163
Operating deficit (surplus)	3,375	(1)	(1)	(1)	(1)
<b>Total for Program 1.1</b>	<b>462,210</b>	<b>564,261</b>	<b>620,763</b>	<b>680,847</b>	<b>680,847</b>
<b>Total expenses for Outcome 1</b>	<b>462,210</b>	<b>564,261</b>	<b>620,763</b>	<b>680,847</b>	<b>680,847</b>
	<b>2014-15</b>	<b>2015-16</b>			
<b>Average staffing level (number)</b>	29	28			



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

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

PHIAC will continue to maintain a strong and visible presence in the industry prior to transition 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*

Subject to the passage of legislation, PHIAC will continue to implement the Capital Adequacy and Solvency Standards. The 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.

### *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 APRA.

## Programme 1.1: Deliverables

### Qualitative Deliverables for Programme 1.1

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

Qualitative Deliverable	2015-16 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	2015-16 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	2015-16 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.

### Quantitative Deliverables for Programme 1.1

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

Quantitative Deliverable	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
Number of targeted reviews of private health insurers carried out.	9	10	N/A	N/A	N/A

## Programme 1.1: Key Performance Indicators

### Quantitative Key Performance Indicators for Programme 1.1

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

Quantitative Indicator	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 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	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 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	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
Percentage of quarterly payments calculated correctly and made on time.	100%	100%	N/A	N/A	N/A

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

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 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)**

Section 3.1.3 is not applicable to PHIAC.

## **3.2 Budgeted Financial Statements**

### **3.2.1 Differences in Entity 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 budgeted financial statements follows in order to provide clarification and additional detail for readers.

#### **Departmental Resources**

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

PHIAC has been approved to have an operating loss of \$3.376 million for 2014-15 to be funded from accumulated reserves. This loss is attributable to two things. First, PHIAC will not be collecting the June quarter administration levy. Second, the costs associated with the preparation of transition to APRA result in a further loss.

PHIAC is projecting small operating surpluses in 2015-16 and the forward years.

Levy revenues for 2015-16 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 \$7.1 million in 2015-16.

##### **Balance Sheet**

The cash balance is expected to be reduced by \$3.376 million as a result of the operating losses.

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 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>EXPENSES</b>					
Employee benefits	4,732	5,511	5,692	5,853	5,853
Supplier expenses	3,036	1,338	1,370	1,425	1,425
Depreciation and amortisation	260	257	256	258	258
Other	29	30	30	30	30
<b>Total expenses</b>	<b>8,057</b>	<b>7,136</b>	<b>7,348</b>	<b>7,566</b>	<b>7,566</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Interest	163	163	163	163	163
<b>Total revenue</b>	<b>163</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>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>
<b>Net cost of (contribution by) services</b>	<b>7,894</b>	<b>6,973</b>	<b>7,185</b>	<b>7,403</b>	<b>7,403</b>
Revenue from Government	4,519	6,974	7,186	7,404	7,404
<b>Surplus (Deficit)</b>	<b>(3,375)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>(3,375)</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>(3,375)</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 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,194	3,503	3,742	4,024	4,097
Receivables	108	110	110	110	110
Investments	5	5	5	5	5
<b>Total financial assets</b>	<b>3,307</b>	<b>3,618</b>	<b>3,857</b>	<b>4,139</b>	<b>4,212</b>
<b>Non-financial assets</b>					
Property, plant and equipment	164	131	150	89	28
Intangibles	174	121	183	172	161
Other	33	33	33	33	33
<b>Total non-financial assets</b>	<b>371</b>	<b>285</b>	<b>366</b>	<b>294</b>	<b>222</b>
<b>Total assets</b>	<b>3,678</b>	<b>3,903</b>	<b>4,223</b>	<b>4,433</b>	<b>4,434</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	427	435	532	515	515
<b>Total payables</b>	<b>427</b>	<b>435</b>	<b>532</b>	<b>515</b>	<b>515</b>
<b>Provisions</b>					
Employees	1,615	1,831	2,053	2,279	2,279
Other provisions	90	90	90	90	90
<b>Total provisions</b>	<b>1,705</b>	<b>1,921</b>	<b>2,143</b>	<b>2,369</b>	<b>2,369</b>
<b>Total liabilities</b>	<b>2,132</b>	<b>2,356</b>	<b>2,675</b>	<b>2,884</b>	<b>2,884</b>
<b>Net assets</b>	<b>1,546</b>	<b>1,547</b>	<b>1,548</b>	<b>1,549</b>	<b>1,550</b>
<b>EQUITY</b>					
Reserves	141	141	141	141	141
Retained surpluses or accumulated deficits	1,405	1,406	1,407	1,408	1,409
<b>Total equity</b>	<b>1,546</b>	<b>1,547</b>	<b>1,548</b>	<b>1,549</b>	<b>1,550</b>

Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2015</b>				
Balance carried forward from previous period	1,405	141	-	<b>1,546</b>
Surplus (deficit) for the period	1	-	-	<b>1</b>
Appropriation (equity injection)	-	-	-	<b>-</b>
<b>Estimated closing balance as at 30 June 2016</b>	<b>1,406</b>	<b>141</b>	<b>-</b>	<b>1,547</b>

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

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Funds from Government	4,519	6,974	7,186	7,404	7,404
Interest	163	163	163	163	163
Net GST received	155	155	155	155	155
Other cash received	-	-	-	-	-
<b>Total cash received</b>	<b>4,837</b>	<b>7,292</b>	<b>7,504</b>	<b>7,722</b>	<b>7,722</b>
<b>Cash used</b>					
Employees	4,546	5,295	5,471	5,626	5,853
Suppliers	3,233	1,518	1,556	1,628	1,610
Net GST paid	-	-	-	-	-
Other cash used	-	-	-	-	-
<b>Total cash used</b>	<b>7,779</b>	<b>6,813</b>	<b>7,027</b>	<b>7,254</b>	<b>7,463</b>
<b>Net cash from (or used by) operating activities</b>	<b>(2,942)</b>	<b>479</b>	<b>477</b>	<b>468</b>	<b>259</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	179	170	238	186	186
<b>Total cash used</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>	<b>186</b>
<b>Net cash from (or used by) investing activities</b>	<b>(179)</b>	<b>(170)</b>	<b>(238)</b>	<b>(186)</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>(3,121)</b>	<b>309</b>	<b>239</b>	<b>282</b>	<b>73</b>
Cash and cash equivalents at the beginning of the reporting period	6,315	3,194	3,503	3,742	4,024
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,194</b>	<b>3,503</b>	<b>3,742</b>	<b>4,024</b>	<b>4,097</b>



**Table 3.2.5: Departmental Capital Budget Statement (for the period ended 30 June)**

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Equity injections - Bill 2	-	-	-	-	-
<b>Total capital appropriations</b>	-	-	-	-	-
<b>Total new capital appropriations represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
<b>Total items</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	179	170	238	186	186
<b>Total acquisitions of non-financial assets</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>	<b>186</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
<b>Total purchases</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>	<b>186</b>
<b>Total cash used to acquire assets</b>	<b>179</b>	<b>170</b>	<b>238</b>	<b>186</b>	<b>186</b>

**Table 3.2.6: Statement of Asset Movements (Budget year 2015-16)**

	Buildings	Other property, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2015</b>				
Gross book value	-	1,004	444	<b>1,448</b>
Accumulated depreciation/amortisation and impairment	-	(839)	(270)	<b>(1,109)</b>
<b>Opening net book balance</b>	<b>-</b>	<b>165</b>	<b>174</b>	<b>339</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - internal resources	-	104	66	<b>170</b>
<b>Total additions</b>	<b>-</b>	<b>104</b>	<b>66</b>	<b>170</b>
<b>Other movements</b>				
Depreciation/amortisation expense	-	(138)	(119)	<b>(257)</b>
<b>Total other movements</b>	<b>-</b>	<b>(138)</b>	<b>(119)</b>	<b>(257)</b>
<b>As at 30 June 2016</b>				
Gross book value	-	1,108	510	<b>1,618</b>
Accumulated depreciation/amortisation and impairment	-	(977)	(389)	<b>(1,366)</b>
<b>Closing net book balance</b>	<b>-</b>	<b>131</b>	<b>121</b>	<b>252</b>

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

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Interest	46	45	43	41	41
Risk equalisation levy <sup>1</sup>	454,107	557,080	613,372	673,240	673,240
<b>Total non-taxation</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>
<b>Total revenues administered on behalf of Government</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>
<b>Total income administered on behalf of Government</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Finance costs	46	45	43	41	41
Risk equalisation distribution <sup>1</sup>	454,107	557,080	613,372	673,240	673,240
<b>Total expenses administered on behalf of Government</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>

- 1 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* which 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's chapter in this PBS.

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

	Estimated actual 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	16	16	16	16	16
<b>Total financial assets</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total assets administered on behalf of Government</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</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 2014-15 \$'000	Budget estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Risk equalisation levy <sup>1</sup>	454,107	557,080	613,372	673,240	673,240
Interest	46	45	43	41	41
<b>Total cash received</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>
<b>Cash used</b>					
Risk equalisation distribution <sup>1</sup>	454,107	557,080	613,372	673,240	673,240
Financing costs	46	45	43	41	41
<b>Total cash used</b>	<b>454,153</b>	<b>557,125</b>	<b>613,415</b>	<b>673,281</b>	<b>673,281</b>
<b>Net cash from (or used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (or decrease) in cash held</b>					
Cash at beginning of reporting period	16	16	16	16	16
<b>Cash at end of reporting period</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>

1 PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* which 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's chapter in this PBS.