

Private Health Insurance Administration Council

Health and Ageing Portfolio Agency

PHIAC

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Section 1: Overview

The Australian Government provides funding to the Private Health Insurance Administration Council (PHIAC) to ensure consumers are protected through the monitoring and financial regulation of the private health insurance industry. PHIAC is a statutory body established under Section 82B of the *National Health Act 1953*. PHIAC's functions are listed at Section 264-10 of the *Private Health Insurance Act 2007*, which came into effect on 1 April 2007.

PHIAC is responsible for regulating the financial performance of the industry, and calculating and distributing reinsurance pool funds. PHIAC also reviews pricing applications, and registers health insurance organisations.

Furthermore, PHIAC maintains a website¹ which provides information on the Council's functions, statistics on the private health insurance industry, and information on approved gap cover products. PHIAC also provides information to consumers relating to membership in private health insurance, and the benefits paid by the industry.

The *Private Health Insurance (Council Administration Levy) Act 2003* allows the Australian Government to impose an administration levy on registered health benefits organisations to meet the general operating costs of PHIAC.

1.1: SUMMARY OF AGENCY OUTCOME AND OUTPUTS

The products and services delivered by PHIAC which contribute to the achievement of its outcome are summarised in Table 1.1.

Table 1.1: Agency Outcome and Output Groups

Outcome	Output Groups
<p>The prudential safety of registered private health insurance funds, the best interests of members of those funds, and a competitive level of private health insurance premiums, are efficiently regulated to support a viable industry</p>	<p>Output Group 1 – Information to Government and other Stakeholders Relevant to Private Health Insurance</p> <p>Output Group 2 – Regulatory Activity</p>

¹ Accessible at: <www.phiac.gov.au>.

Section 2: Resources for 2007-08

2.1: APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total resourcing for PHIAC in the 2007-08 Budget is \$194.997 million.

Table 2.1: Appropriations and Other Resources 2007-08 ('000)

	Appropriations				Receipts (b)	Total
	Bill No. 1	Bill No. 2		Special		
	\$'000	SPP \$'000	Other (a) \$'000	approp \$'000		
Private Health Insurance Administration Council (PHIAC)						
Administered	-	-	-	190,000	190,000	173
Departmental	-	-	-	4,435	4,435	389
Total PHIAC	-	-	-	194,435	194,435	562

(a) Includes new administered expenses and administered assets and liabilities.

(b) Departmental and administered receipts from other sources that are available to be spent.

2.2: 2007-08 BUDGET MEASURES

Section 2.2 is not applicable to PHIAC.



2.3: OTHER REVENUE AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by PHIAC for the provision of goods or services. These resources are approved for use by PHIAC and are included in Table 2.1.

Table 2.3: Other Revenue Available to be Used

	Estimated revenue 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other revenues		
Goods and services	137	173
Interest	200	216
Total departmental other revenues available to be used	337	389
Administered other revenues		
Interest	172	173
Total administered other revenues available to be used	172	173
Total estimated revenue	509	562

2.4: MOVEMENTS OF ADMINISTERED FUNDS

Section 2.4 is not applicable to PHIAC.

2.5: SPECIAL APPROPRIATIONS

Table 2.5: Estimates of Expenses from Special Appropriations

	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated expenses		
<i>Private Health Insurance (Reinsurance Trust Fund Levy) Act 2003</i>	190,000	190,000
<i>Private Health Insurance (Council Administration Levy) Act 2003</i>	4,435	4,435
<i>Private Health Insurance (ACAC Review Levy) Act 2003</i>	5	-
Total estimated expenses	194,440	194,435

The Administered appropriation is established under the *Private Health Insurance (Reinsurance Trust Fund Levy) Act 2003*.

The Departmental appropriation is established under the *Private Health Insurance (Council Administration Levy) Act 2003* (\$4.435 million).

2.6: MOVEMENTS IN SPECIAL ACCOUNTS

Section 2.6 is not applicable to PHIAC.

Section 3: Outcome Objectives

General Government Sector agencies are required to plan, budget and report under an outcome structure. General Government Sector agencies produce outputs (departmental outputs) and also administer activities and programs on behalf of the government (administered programs).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for PHIAC. Emphasis is placed on estimating the contribution to outcomes through administered programs and outputs delivered by PHIAC. Key performance measures and performance evaluation activities are specified for the outcome. More detailed information on the output and administered program attributes is maintained by PHIAC for internal management purposes.

3.1: SUMMARY OF OUTCOME AND CONTRIBUTION TO OUTCOME

The relationship between the activities of PHIAC and the outcome is summarised in Figure 1.

Figure 1: Contributions to Outcome

Private Health Insurance Administration Council		
Chief Executive Officer – Ms Gayle Ginnane		
Outcome – The prudential safety of registered private health insurance funds, the best interests of members of those funds, and a competitive level of private health insurance premiums, are efficiently regulated to support a viable industry		
Total price of outputs		\$4.824m
Total departmental appropriations		\$4.435m
Total administered appropriations		\$190.000m
Output Group 1	Total price of outputs	\$1.420m
Information to Government and other Stakeholders Relevant to Private Health Insurance		
Output Group 2	Total price of outputs	\$3.404m
Regulatory Activity		

3.2: OUTCOME – DEPARTMENTAL AND ADMINISTERED APPROPRIATIONS

Departmental Appropriations by Outcome

PHIAC has total departmental appropriations of \$4.435 million in 2007-08.

Administered Appropriations by Outcome

PHIAC has total administered appropriations of \$190.000 million in 2007-08.

3.3: OUTCOME SUMMARY

The Australian Government is committed to ensuring that; the prudential safety of registered private health insurance funds; the best interests of members of those funds; and a competitive level of private health insurance premiums, are efficiently regulated to support a viable industry. PHIAC will achieve this by continuing to educate and encourage the private health insurance industry to operate effectively in the interests of contributors and particularly to emphasise the importance of appropriate corporate governance for registered health funds.

In addition, PHIAC will continue to actively assist private health insurers to understand key trends in their industry and to ensure that the Australian Government has an accurate, timely and useful information base for policy decisions. In particular, by implementing the legislative requirements defined in the *Private Health Insurance Act 2007*, and associated Acts, for regulation of the industry in a practical manner to safeguard the interests of contributors.

The Year Ahead

The Australian Government's strategic objectives in 2007-08 are to ensure that health insurance regulation in Australia is best practice, to encourage ongoing improvement in industry governance, and to maintain the ability to monitor the private health insurance industry's activities and developments through PHIAC.

In 2007-08, the Australian Government, through PHIAC, will continue to provide support and education on legislative change and the revision of the Prudential Standards to the industry through another series of directors' education programs. Furthermore, PHIAC will continue to focus closely on the industry's performance against the revised solvency and capital adequacy standards, and continue to encourage improvement in corporate governance arrangements in line with best practice.

PHIAC will continue to build on current reviews utilising increased fund review capabilities with outsourced expertise where necessary. Health fund review capabilities will be increased and outsourced expertise managed and utilised where necessary, to continue building on the reviews PHIAC has already undertaken.

Key Strategic Directions for 2007-08

During 2007-08, PHIAC, on the Australian Government's behalf, will:

- ensure that health insurance regulation in Australia is best practice;
- strengthen industry governance;
- develop effective industry information to support strengthened governance; and
- manage legislative change.

Major Activities

Regulate Australia's Health Insurance

During 2007-08, PHIAC, on behalf of the Australian Government, will continue to work with the Department of Health and Ageing and with the health industry to review private health insurance legislation and regulation to ensure that the industry is as efficient as possible. In doing so, PHIAC will: undertake a review of the prudential standards; continue to review and update the fund review program; and continue to develop PHIAC's risk assessment for funds. This review will then form the basis for decisions on escalating levels of interventions; and identify, on the basis of risk, an ongoing schedule of rolling reviews and visits to registered organisations.

Strengthen Health Insurance Industry Governance

A main focus for the Australian Government in 2007-08 is to educate the industry on recent legislative changes. PHIAC will undertake this on the Government's behalf, by providing training programs for fund directors with particular focus on the new legislation and will develop a policy on education for fund advisers. PHIAC will develop and publish further governance principles to shape industry best practice, engage key stakeholders in the development of those principles and aim to identify acceptable and unacceptable practices. In addition, PHIAC will maintain and strengthen existing links with other regulators.

Develop Effective Health Insurance Industry Information

In 2007-08, the Australian Government, through PHIAC, will continue to develop and integrate its current data collections and ensure their continuing integrity. PHIAC will continue to develop its base of industry information and further expand its modelling capacity in progressive steps to model possible impacts.

Manage Legislative Change

To contribute to the Australian Government's recent private health insurance legislative changes, PHIAC will engage with other government departments to progress and implement the *Private Health Insurance Act 2007*, incorporating the flow-on legislative changes. In addition, PHIAC will develop and deliver training programs on the implications of the new legislation for stakeholders and fund directors.

PHIAC will further develop the new risk equalisation rules and testing of the system for implementation of the new risk equalisation system.

PHIAC Resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for PHIAC, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total Resources for PHIAC

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
<i>Private Health Insurance (Reinsurance Trust Fund Levy) Act 2003)</i>	190,000	190,000
Total Special Appropriation	190,000	190,000
Total administered appropriations	190,000	190,000
Departmental revenue		
Total revenue from government (appropriations) contributing to price of departmental outputs	4,440	4,435
Total revenue from other sources	337	389
Total price of departmental outputs <i>(Total revenue from government and from other sources)</i>	4,777	4,824
Departmental revenue by output group		
Output Group 1 - Information to Government and Other Stakeholders Relevant to Private Health Insurance	1,406	1,420
Output Group 2 - Regulatory Activity	3,371	3,404
Total price of departmental outputs <i>(Total revenue from government and from other sources)</i>	4,777	4,824
Total estimated resourcing for PHIAC <i>(Total price of outputs and administered appropriations)</i>	194,777	194,824
Average Staffing Level (number)	23	23

Contribution of Administered Programs

Program: Health Benefits Risk Equalisation Trust Fund

PHIAC undertakes the calculation of the health benefits risk equalisation scheme, which shares the cost of older contributors (aged 65 and over) and the chronically ill (defined as 35 days of hospitalisation in a rolling 12 month period), within private health insurance. The Trust Fund is a zero sum pool calculated on a quarterly basis.

PHIAC does the calculation, bills payees to the Health Benefits Risk Equalisation Trust Fund and makes payments to recipients from the Trust Fund. The calculation and payments are audited annually.

Contribution of Departmental Outputs

Output Group 1 – Information to Government and other Stakeholders Relevant to Private Health Insurance

Including:

- collection and provision of information regarding private health insurers relating to membership and reinsurance benefits by PHIAC;
- collection and provision of information from private health insurers relating to the financial performance by the industry;
- analysis and provision of comment to the Australian Government on the financial impact of organisations' pricing;
- web-based public information services providing consumer information on private health insurance (*Insure? Not Sure?*);
- collection and provision of information relating to medical benefits and gap cover monitoring out-of-pocket expenses for people using private health insurance;
- provision of an annual report on the operations of PHIAC as required under Section 9 of the *Commonwealth Authorities and Companies Act 1997*; and
- provision of an annual report on the private health insurance industry as required under Section 264-10 of the *Private Health Insurance Act 2007*.

Output Group 2 – Regulatory Activity

Including:

- calculation and management of the Health Benefits Risk Equalisation Trust Fund on a quarterly basis and management of the payments to and from the pool;
- monitoring of the financial status of the private health insurance industry through quarterly reporting;
- review and amendment of a Solvency Standard and Capital Adequacy Standard for Private Health Insurers;
- education programs for directors of private health insurers;
- review of pricing applications;
- intervention where necessary and appropriate if a breach of the *Private Health Insurance Act 2007* occurs;
- review of individual private health insurers on a risk basis; and
- registration of private health insurers.

Performance Information for PHIAC

Performance information for administered programs, individual outputs and output groups relating to PHIAC are summarised in Table 3.2.

Table 3.2: Key Performance Information for PHIAC

Performance Information for Administered Programs

Indicator	Measured by	Reference Point or Target
Administered Funding – Health Benefits Reinsurance Trust Fund Program		
Maintenance of community rating through the administration of the Health Benefits Risk Equalisation Trust Fund.	Accurate calculation of risk equalisation payments into and from the Trust Fund.	100% of the quarterly risk equalisation returns from private health insurers will be accurately processed and risk equalisation calculated correctly and payments to and from the Trust Fund made on time.
Cost: \$190.000m		

Performance Information for Departmental Outputs

Indicator	Measured by	Reference Point or Target
Output Group 1 – Information to Government and Other Stakeholders Relevant to Private Health Insurance		
Provision of information to government and consumers about private health insurance.	Accurate calculation and on-time release of key statistics each quarter.	Membership and Coverage, Gap cover statistics, and PHIAC A and B statistics to be available within 6 weeks of the end of each quarter. Trend statistics to be available within 8 weeks of the end of each quarter.
Provision of detailed annual information to Government and consumers about private health insurance.	Detailed and accurate annual reports are produced which aid government decision-making and provide good public information.	The <i>Commonwealth Authorities and Companies Act</i> report to the Minister by 15 October each year. Section 264-10 (the <i>Private Health Insurance Act 2007</i>) report to the Minister by December each year.
Price: \$1.420m		

Indicator	Measured by	Reference Point or Target
Output Group 2 – Regulatory Activity		
Private health insurers report their prudential position on a quarterly basis.	Early detection of fund financial problems.	Enables PHIAC to take appropriate regulatory action which allows a private health insurer to recover or merge to protect interests of contributors.
Engagement with other relevant major government departments to implement revised private health insurance legislation.	New legislation implemented efficiently and on time. All stakeholders provided with information and education on the legislative changes.	New private health insurance legislation becomes effective from 1 April 2007.
Standards will be further updated, with ongoing industry support, taking into account the impact of International Financial Reporting Standards, industry changes and legislative change.	The Standards are being further reviewed including industry consultation and taking into account the views of all stakeholders.	New Standards will be implemented during 2007-08.
PHIAC will undertake a review program of all private health insurers over a period of 2 to 3 years.	Updated review program will be developed on a risk basis.	Updated, rolling review program will occur during 2007-08. Four reviews will be undertaken before June 2008.
PHIAC will develop a series of best practice corporate governance guidelines for private health insurers.	PHIAC Governance Guidelines will be completed and promulgated to the industry.	Guidelines will be implemented during 2007-08.
PHIAC will continue to develop and provide training for directors of private health insurers.	Provision of Director education seminars and industry attendance at the seminars.	PHIAC will provide at least one seminar annually during 2007-08.
Price: \$3.404m		



Evaluations

PHIAC does not plan to undertake any evaluations in 2007-08.

Major Reviews

The Australian International Financial Reporting Standards (AIFRS) had a significant impact on the Solvency and Capital Adequacy Standards (the Standards), which took effect on 1 January 2001. PHIAC is reviewing the Standards in a staged approach, consisting of two phases. Phase-1 took into account the effects of the AIFRS. Phase-2 comprises a

review of those changes necessary to ensure the Standards remain fit for purpose in light of the new legislative framework. Phase-2 will be undertaken conjointly, with a view to implementation in the longer term.

The methodology will involve actuarial modelling and industry consultation and involvement. The review will ensure that the capital requirements of health funds remain realistic, minimising the cost to consumers of increases in premium rates and minimising the cost to the Australian Government of the private health insurance rebates.

The review will be completed and new standards implemented by 30 June 2008.

Other Performance Improvement Initiatives

PHIAC will expand the capacity of the industry financial model to provide a resource for modelling the effect of emerging changes and the possible impact of new technologies.

PHIAC will further develop guidance standards for best practice corporate governance within the private health insurance industry to cover breach of duties, and mergers and acquisitions.

PHIAC will develop and continue the second round fund reviews taking into account the status of funds Disaster Recovery Plans, Business Continuity Plans and influenza pandemic contingency planning.

Section 4: Other Reporting Requirements

4.1: PURCHASER-PROVIDER ARRANGEMENTS

PHIAC will have no purchaser-provider arrangements in 2007-08.

4.2: COST RECOVERY ARRANGEMENTS

PHIAC has no significant cost recovery arrangements in 2007-08.

Section 5: Budgeted Financial Statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The expected changes in 2007-08 when compared with the forecast results for 2006-07 are explained below:

Income Statement

Revenue – Goods and Services:

The figure for 2007-08 includes revenue from the sale of the consumer information brochure *Insure? Not Sure?* on a cost recovery basis when the brochure is re-produced in 2007-08.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted Departmental Income Statement (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Income					
Revenues from ordinary activities					
Appropriation revenues	4,440	4,435	4,435	4,461	4,527
Other revenues from related entities	-	-	-	-	-
Goods and services	134	171	126	96	126
Interest	200	216	216	216	216
Dividends	-	-	-	-	-
Resources received free of charge	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	3	2	2	2	2
Revenues from ordinary activities	4,777	4,824	4,779	4,775	4,871
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	2,295	2,705	2,811	2,921	3,035
Suppliers	2,345	1,981	1,837	1,750	1,779
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	123	124	117	95	57
Correction of fundamental error	-	-	-	-	-
Other	14	14	14	9	-
Expenses from ordinary activities (excluding borrowing costs expense)	4,777	4,824	4,779	4,775	4,871
Operating surplus or (deficit) from ordinary activities	-	-	-	-	-
Net credit or (debit) to asset revaluation reserve	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	-	-	-	-	-

Table 5.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	4,154	4,286	4,582	4,851	5,136
Receivables	-	-	-	-	-
Investments accounted for under the equity method	-	-	-	-	-
Other investments	5	5	5	5	5
Accrued revenues	-	-	-	-	-
Other financial assets	25	25	25	25	25
Total financial assets	4,184	4,316	4,612	4,881	5,166
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	281	183	105	69	61
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Other non-financial assets	46	32	18	9	9
Total non-financial assets	327	215	123	78	70
Total assets	4,511	4,531	4,735	4,959	5,236
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	21	15	9	13	27
Overdraft	-	-	-	-	-
Total interest bearing liabilities	21	15	9	13	27
Provisions					
Employees	751	764	964	1,171	1,388
Other provisions	65	65	65	65	65
Total provisions	816	829	1,029	1,236	1,453
Payables					
Suppliers	112	125	135	148	194
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	-	-	-	-	-
Total payables	112	125	135	148	194
Total liabilities	949	969	1,173	1,397	1,674

Table 5.2: Budgeted Departmental Balance Sheet (as at 30 June) (cont)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
EQUITY					
Parent entity interest					
Contributed equity	-	-	-	-	-
Reserves	41	41	41	41	41
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	3,521	3,521	3,521	3,521	3,521
Total parent entity interest	3,562	3,562	3,562	3,562	3,562
Outside equity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	3,562	3,562	3,562	3,562	3,562
Current assets	4,179	4,311	4,606	4,875	5,161
Non-current assets	332	220	129	84	75
Current liabilities	766	818	974	1,138	1,344
Non-current liabilities	183	151	199	259	330

Table 5.3: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	134	171	126	96	126
Appropriations	4,440	4,435	4,435	4,461	4,527
Interest	200	216	216	216	216
Dividends	-	-	-	-	-
Other	3	2	2	2	2
Extraordinary items	-	-	-	-	-
Total cash received	4,777	4,824	4,779	4,775	4,871
Cash used					
Employees	2,130	2,692	2,610	2,713	2,818
Suppliers	2,326	1,969	1,827	1,740	1,737
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	4,456	4,661	4,437	4,453	4,555
Net cash from or (used by) operating activities	321	163	342	322	316
INVESTING ACTIVITIES					
Cash received					
Purchase of property, plant, equipment and intangibles	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant equipment and intangibles	76	25	40	47	26
Purchase of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	76	25	40	47	26
Net cash from or (used by) investing activities	(76)	(25)	(40)	(47)	(26)

Table 5.3: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June) (cont)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	9	6	6	6	5
Extraordinary items	-	-	-	-	-
Total cash used	9	6	6	6	5
Net cash from/(used by) financing activities	(9)	(6)	(6)	(6)	(5)
Net increase or (decrease) in cash held					
	236	132	296	269	285
Cash at the beginning of the reporting period	3,918	4,154	4,286	4,582	4,851
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	4,154	4,286	4,582	4,851	5,136

Table 5.4: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2007-08)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	3,521	41	-	-	3,562
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	3,521	41	-	-	3,562
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	3,521	41	-	-	3,562
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components					
	-	-	-	-	-
Estimated closing balance as at 30 June 2008	3,521	41	-	-	3,562

Table 5.5: Department Capital Budget Statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	76	25	40	47	26
Total	76	25	40	47	26

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Table 5.6: Departmental Property, Plant, Equipment and Intangibles – Summary of Movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	-	587	-	587
Accumulated depreciation	-	-	305	-	305
Opening net book value	-	-	282	-	282
Additions:					
by purchase	-	-	25	-	25
by finance lease	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	-	124	-	124
Recoverable amount write-downs	-	-	-	-	-
Other movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
As at 30 June 2008					
Gross book value	-	-	612	-	612
Accumulated depreciation	-	-	429	-	429
Estimated closing net book value	-	-	183	-	183

Table 5.7: Schedule of Budgeted Income and Expenses Administered on Behalf of Government (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation (revenues from Government)					
Goods and services	-	-	-	-	-
Interest	172	173	173	173	173
Dividends	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Revenues from sale of assets	-	-	-	-	-
Other sources of non tax revenue - related entities	-	-	-	-	-
Other sources of non tax revenue - external entities	190,000	190,000	190,000	190,000	190,000
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Total non-taxation	190,172	190,173	190,173	190,173	190,173
Total revenues administered on behalf of Government	190,172	190,173	190,173	190,173	190,173
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Value of assets sold	-	-	-	-	-
Transfer to related entity	190,000	190,000	190,000	190,000	190,000
Interest	172	173	173	173	173
Correction of fundamental error	-	-	-	-	-
Other	190,000	190,000	190,000	190,000	190,000
Extraordinary items	-	-	-	-	-
Total expenses administered on behalf of Government	380,172	380,173	380,173	380,173	380,173

Table 5.8: Schedule of Budgeted Assets and Liabilities Administered on Behalf of Government (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	66	66	66	66	66
Receivables	-	-	-	-	-
Investments (s.39 FMA Act)	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total financial assets	66	66	66	66	66
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of Government	66	66	66	66	66
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	-	-	-	-	-
Payables					
Suppliers	-	-	-	-	-
Grants and subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Taxation refunds due	-	-	-	-	-
Other payables	5	5	5	5	5
Total payables	5	5	5	5	5
Total liabilities administered on behalf of Government	5	5	5	5	5

Table 5.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
GST Input Credit Receipts	-	-	-	-	-
Sales of goods	-	-	-	-	-
Rendering of services	-	-	-	-	-
Interest	172	173	173	173	173
Dividends	-	-	-	-	-
Other	190,000	190,000	190,000	190,000	190,000
Total cash received	190,172	190,173	190,173	190,173	190,173
Cash used					
Borrowing costs	-	-	-	-	-
Employees	-	-	-	-	-
GST Payments to Suppliers	-	-	-	-	-
Grant payments	-	-	-	-	-
Interest paid	172	173	173	173	173
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Other	190,000	190,000	190,000	190,000	190,000
Total cash used	190,172	190,173	190,173	190,173	190,173
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of equity instruments	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments (s.39 FMA Act, s.18 CAC Act, s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-

Table 5.9: Schedule of Budgeted Administered Cash Flows (for the period ended 30 June) (cont)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Purchase of equity instruments	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	-	-	-
GST Appropriations	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Return of GST appropriations to the Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	66	66	66	66	66
Cash from Official Public Account for					
Appropriations	190,000	190,000	190,000	190,000	190,000
Special accounts	-	-	-	-	-
Capital appropriations	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Cash to Official Public Account for					
Appropriations	190,000	190,000	190,000	190,000	190,000
Special accounts	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	66	66	66	66	66

Table 5.10: Schedule of Administered Capital Budget

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Administered capital	-	-	-	-	-
Special appropriations	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	-	-	-	-	-

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Table 5.11: Schedule of Administered Property, Plant, Equipment and Intangibles – Summary of Movement (Budget Year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Opening net book value	-	-	-	-	-
Additions:					
by purchase	-	-	-	-	-
by finance lease	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-
Other movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
As at 30 June 2008					
Gross book value	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Closing net book value	-	-	-	-	-

5.3: NOTES TO THE FINANCIAL STATEMENTS

The budgeted financial statements for PHIAC are prepared for the Budget year, previous year and three forward years.

Departmental Financial Statements

Budgeted Departmental Income Statement (for the period ended 30 June)

This statement provides a picture of the expected financial results for PHIAC by identifying full accrual expenses and revenues. This highlights whether PHIAC is operating at a sustainable level.

Budgeted Departmental Balance Sheet (as at 30 June)

The statement shows the financial position of PHIAC. It enables decision-makers to track the management of PHIAC's assets and liabilities.

Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

Budgeted cash flows as reflected in the statement of cash flows provide important information on the extent and nature of cash flows by characterising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2007-08)

This table shows the movements in equity during the Budget year.

Departmental Capital Budget Statement

The capital Budget statement shows all planned capital expenditure on non-financial assets, whether funded through capital appropriations for additional equity, borrowings or from funds from internal sources.

Departmental Property, Plant, Equipment and Intangibles – Summary of Movement (Budget year 2007-08)

This table shows budgeted acquisitions and disposals of PHIAC's non financial assets during the Budget year.

Schedule of Administered Activity

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

The schedule identifies PHIAC's main revenues and expenses administered by PHIAC on behalf of the Government.

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

The schedule shows PHIAC's assets and liabilities administered by PHIAC on behalf of the Government.

Schedule of Budgeted Administered Cash Flows (for the period ended 30 June)

The schedule shows PHIAC's cash flows administered on behalf of the Government.

Schedule of Administered Capital Budget

This schedule shows details of PHIAC's planned administered capital expenditure.

Schedule of Administered Property, Plant, Equipment and Intangibles – Summary of Movement (Budget Year 2007-08)

This note discloses details of PHIAC's movements in administered non-financial assets.