

# Private Health Insurance Ombudsman

Health and Ageing Portfolio Agency

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PHIO

## Section 1: Overview

The Australian Government is committed to providing an independent service for dealing with complaints relating to private health insurance. The Private Health Insurance Ombudsman (PHIO) achieves this by providing a system that is accessible, effective, timely, objective and non-judgemental. In addition, PHIO identifies underlying problems in the practices of private health funds or health providers relevant to the administration of private health insurance, and encourages health funds to continuously improve their own complaints handling practices.

The Private Health Insurance Ombudsman (PHIO) is a corporation established by the *National Health Act 1953*. The role and functions of PHIO are set out in Part 6-2 of the *Private Health Insurance Act 2007*. It is subject to the *Commonwealth Authorities and Companies Act 1997*. Following the Uhrig review of corporate governance, PHIO will be prescribed as an agency under the *Financial Management and Accountability Act 1997* from 1 July 2007.

### 1.1: SUMMARY OF AGENCY OUTCOME AND OUTPUTS

The products and services delivered by PHIO 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
<b>Consumers and providers have confidence in the administration of private health insurance</b>	Output Group 1 – Advice and Recommendations about the Private Health Insurance Industry
	Output Group 2 – Direct Delivery of Services

## 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 PHIO in the 2007-08 Budget is \$1.933 million.

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

	Appropriations				Receipts (b)	Total
	Bill No. 1	Bill No. 2		Total		
	\$'000	SPP \$'000	Other (a) \$'000	approp \$'000		
<b>Private Health Insurance Ombudsman (PHIO)</b>						
Administered	-	-	-	-	-	-
Departmental	1,923	-	-	-	10	1,933
<b>Total PHIO</b>	<b>1,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>1,933</b>
Departmental capital (equity injections)	-	-	-	-	-	-
<b>Total resources</b>	<b>1,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>1,933</b>

(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

	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000
Private Health Insurance Ombudsman - continuation of funding				
Departmental	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 2.3: OTHER REVENUE AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by PHIO for the provision of goods or services. These resources are approved for use by PHIO 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
<b>Departmental other revenues</b>		
Interest	20	-
Other	-	10
Revenue from related entities	1,435	-
<b>Total departmental other revenues available to be used</b>	<b>1,455</b>	<b>10</b>

### 2.4: MOVEMENTS OF ADMINISTERED FUNDS

### 2.5: SPECIAL APPROPRIATIONS

### 2.6: MOVEMENTS IN SPECIAL ACCOUNTS

Sections 2.4 to 2.6 are not applicable to PHIO.

## 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 outcomes) 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 PHIO. Emphasis is placed on estimating the contribution to the outcome through outputs delivered by PHIO. Key performance measures and performance evaluation activities are specified for the outcome. More detailed information on the outputs attributes is maintained by PHIO for internal management purposes.

### 3.1: SUMMARY OF OUTCOME AND CONTRIBUTION TO OUTCOME

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

**Figure 1: Contributions to Outcome**

<b>Private Health Insurance Ombudsman</b>	
Acting Ombudsman – Ms Samantha Gavel	
<b>Outcome – Consumers and providers have confidence in the administration of private health insurance</b>	
Total price of outputs	\$1.933m
Total departmental appropriations	\$1.923m
Total administered appropriations	\$0
Output Group 1	Total price of outputs \$0.240m
<b>Advice and Recommendations about the Private Health Insurance Industry</b>	
Output Group 2	Total price of outputs \$1.693m
<b>Direct Delivery of Services</b>	



### 3.2: OUTCOME – DEPARTMENTAL AND ADMINISTERED APPROPRIATIONS

#### Departmental Appropriations by Outcome

PHIO has total departmental appropriations of \$1.923 million in 2007-08.

### **Administered Appropriations by Outcome**

PHIO does not receive any administered appropriations.

### **3.3: OUTCOME SUMMARY**

The Australian Government is committed to ensuring consumers and providers have confidence in the administration of private health insurance. This will be achieved through: effective complaints handling and dispute resolution; conducting investigations into the practices of health funds; and continuing to monitor any changes to health fund agreements with hospitals and other health providers.

#### **The Year Ahead**

In 2007-08, PHIO will continue to work with government, industry and consumer representative bodies to ensure that consumers have confidence in the administration of private health insurance. PHIO expects to handle around 2,300 complaints in 2007-08, and plans to improve the timeliness in handling complaints, particularly for those requiring in-depth investigation.

In addition, PHIO will monitor the introduction of standard product information by health funds and the new consumer website,<sup>1</sup> allowing consumers to compare health funds, key features of their products and arrangements with health providers.

PHIO will continue to monitor any changes to health fund agreements with hospitals and other health providers to ensure they do not unduly disadvantage consumers.

#### **Key Strategic Directions for 2007-08**

During 2007-08, PHIO will:

- ensure that the interests of insured persons in relation to all aspects of private health insurance are effectively protected;
- contribute to consumer empowerment and competitiveness within the private health insurance market by improving the quality and accessibility of consumer information on private health insurance products; and
- provide an efficient complaints handling service.

#### **Major Activities**

##### **Protecting the Interest of Insured Persons**

PHIO may conduct investigations into the practices of health funds on initiation by the Ombudsman or at the request of the Minister for Health and Ageing. To assist the Ombudsman to deal with issues arising from contractual arrangements between health funds and health service providers, the Ombudsman is also able to compel the parties to participate in mediation services to assist in resolving the dispute.

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<sup>1</sup> Accessible at: <[www.privatehealth.gov.au](http://www.privatehealth.gov.au)>.

In addition, PHIO participates, as required, in policy and industry discussions so that the industry, legislators and policy makers are made aware of the implications of current or proposed practices and policies on private health insurance consumers.

**Complaints Handling Service**

PHIO publishes information on its complaints handling activity. In addition, the Ombudsman reports and makes recommendations to the Minister and the Department of Health and Ageing on health insurance practices and associated regulation, arising out of complaints dealt with, or investigations conducted by PHIO.

**Contribute to Consumer Empowerment**

PHIO provides information services and products explaining private health insurance arrangements and consumer rights and publishes an annual *State of the Health Funds Report*. This report provides information on the comparative performance of health funds. Additional information on health fund products and private health insurance is also available via the new consumer website.



## PHIO Resourcing

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

**Table 3.1: Total Resources for PHIO**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental revenue</b>		
Total revenue from government (appropriations) contributing to price of departmental outputs	1,359	1,923
Total revenue from other sources	1,455	10
<b>Total price of departmental outputs</b> <i>(Total revenue from government and from other sources)</i>	2,814	1,933
<b>Departmental revenue by output group</b>		
Output Group 1 - Advice and Recommendations about the Private Health Insurance Industry	240	240
Output Group 2 - Direct Delivery of Services	2,574	1,693
<b>Total price of departmental outputs</b> <i>(Total revenue from government and from other sources)</i>	2,814	1,933
<b>Total estimated resourcing for PHIO</b> <i>(Total price of outputs and administered appropriations)</i>		
	<b>2,814</b>	<b>1,933</b>
	2006-07	2007-08
<b>Average Staffing Level (number)</b>	8	9

## Contribution of Administered Programs

PHIO has no administered programs in 2007-08.

## Contribution of Departmental Outputs

### Output Group 1 – Advice and Recommendations about the Private Health Insurance Industry

Including:

- submissions and reports to Parliament;
- reporting and recommendations to the Minister for Health and Ageing;
- reporting and advice to the Department of Health and Ageing; and
- advice and recommendations to other key stakeholders about regulatory and consumer protection regimes for private health insurance.



**Output Group 2 – Direct Delivery of Services**

Including:

- complaints handling dispute resolution service;
- investigations of health fund practices;
- mediation between health funds and providers;
- private health consumer information website;
- production and distribution of information products; and
- publication of an annual *State of the Health Funds Report*.

**Performance Information for PHIO**

Performance information for individual outputs and output groups relating to PHIO are summarised in Table 3.2.

**Table 3.2: Key Performance Information for PHIO**

**Performance Information for Departmental Outputs**

Indicator	Measured by	Reference Point or Target
<b>Output Group 1 – Advice and Recommendations about the Private Health Insurance Industry</b>		
Quality, relevant, and timely advice, submissions and reports.	Level of stakeholder satisfaction, as measured by stakeholder feedback.	Maintain or increase from previous year.
Efficient advisory services.	Production of a range of advisory service products including submissions and public presentations.	Production of at least 12 submissions and public presentations.
<b>Price: \$0.240m</b>		

Indicator	Measured by	Reference Point or Target
<b>Output Group 2 – Direct Delivery of Services</b>		
Efficient complaints handling service.	Complaints received during the year finalised.	90% complaints received and finalised.
Accessible, effective and timely complaints handling service.	Customer satisfaction survey.	80% of respondents satisfied or very satisfied.



PHIO – Agency Budget Statements – Outcome Objectives

Indicator	Measured by	Reference Point or Target
<b>Output Group 2 – Direct Delivery of Services</b>		
Improved fund or industry practices as a result of PHIO investigation recommendations.	Proportion of recommendations that have resulted in changes to fund or industry practices.	75% of recommendations result in changes to fund or industry practice.
Information products produced are useful and informative for consumers.	Consumer satisfaction survey.	75% of respondents finding the information they received useful or very useful.
Timeliness of complaint resolution.	Percentage of complaints finalised within one month of receipt and a reduction in the average time taken to finalise level 3 disputes.	80% of complaints finalised within one month. Reduction in average time taken finalising level 3 disputes.
Quality, accurate information about private health insurance.	Publication of the <i>State of the Health Funds Report 2007-08</i> .  Privatehealth.gov.au website accessible to consumers.	<i>State of the Health Funds Report 2006-07</i> published by 31 March 2008.  First review of the website completed by June 2008.
<b>Price: \$1.693m</b>		

### Evaluations

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

### Major Reviews

PHIO does not plan to undertake any major reviews in 2007-08.

## **Section 4: Other Reporting Requirements**

### **4.1: PURCHASER-PROVIDER ARRANGEMENTS**

PHIO has no purchaser-provider arrangements to report in 2007-08.

### **4.2: COST RECOVERY ARRANGEMENTS**

PHIO has no cost recovery arrangements to report in 2007-08.

## **Section 5: Budgeted Financial Statements**

### **5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Income Statement**

PHIO expects a continuation of agreed funding in 2007-08, including funding previously allocated to meet the on-going cost of maintaining and updating the consumer information website (\$0.562 million in 2007-08, \$0.564 million in 2008-09 and \$0.566 million in 2009-10). The cost to the budget of this funding from 2007-08 will be fully offset by increases in the Private Health Insurance Complaints levy.

#### **Balance Sheet**

The development of the new consumer website is reflected as an intangible asset.

## 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
<b>Income</b>					
<b>Revenues from ordinary activities</b>					
Appropriation revenues	1,359	1,923	1,928	1,930	1,930
Other revenues from related entities	1,435	-	-	-	-
Goods and services	-	-	-	-	-
Interest	20	-	-	-	-
Dividends	-	-	-	-	-
Resources received free of charge	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	10	10	10	10
<b>Revenues from ordinary activities</b>	<b>2,814</b>	<b>1,933</b>	<b>1,938</b>	<b>1,940</b>	<b>1,940</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	949	951	955	956	926
Suppliers	1,045	824	825	837	876
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	20	158	158	147	138
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>2,014</b>	<b>1,933</b>	<b>1,938</b>	<b>1,940</b>	<b>1,939</b>
<b>Operating surplus or (deficit) from ordinary activities</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
Net credit or (debit) to asset revaluation reserve	-	-	-	-	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

PHIO

**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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	353	571	789	996	1134
Receivables	-	-	-	-	-
Investments accounted for under the equity method	-	-	-	-	-
Other investments	500	500	500	500	500
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>853</b>	<b>1,071</b>	<b>1,289</b>	<b>1,496</b>	<b>1,634</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	49	29	9	-	-
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	800	662	524	386	248
Other non-financial assets	-	-	-	-	-
<b>Total non-financial assets</b>	<b>849</b>	<b>691</b>	<b>533</b>	<b>386</b>	<b>248</b>
<b>Total assets</b>	<b>1,702</b>	<b>1,762</b>	<b>1,822</b>	<b>1,882</b>	<b>1,882</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Overdraft	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	267	322	377	432	432
Other provisions	-	-	-	-	-
<b>Total provisions</b>	<b>267</b>	<b>322</b>	<b>377</b>	<b>432</b>	<b>432</b>
<b>Payables</b>					
Suppliers	37	42	47	52	52
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	-	-	-	-	-
<b>Total payables</b>	<b>37</b>	<b>42</b>	<b>47</b>	<b>52</b>	<b>52</b>
<b>Total liabilities</b>	<b>304</b>	<b>364</b>	<b>424</b>	<b>484</b>	<b>484</b>

**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
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	1,398	1,398	1,398	1,398	1,398
<b>Total parent entity interest</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>
<b>Outside equity interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>	<b>1,398</b>
<b>Current assets</b>	<b>1,277</b>	<b>1,321</b>	<b>1,366</b>	<b>1,411</b>	<b>1,411</b>
<b>Non-current assets</b>	<b>426</b>	<b>441</b>	<b>456</b>	<b>471</b>	<b>471</b>
<b>Current liabilities</b>	<b>189</b>	<b>226</b>	<b>263</b>	<b>300</b>	<b>300</b>
<b>Non-current liabilities</b>	<b>116</b>	<b>138</b>	<b>161</b>	<b>184</b>	<b>184</b>

**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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	2	2	2	2	2
Appropriations	1,359	1,923	1,928	1,930	1,930
Interest	18	-	-	-	-
Dividends	-	-	-	-	-
Other	-	8	8	8	8
Cash from Related Entities	1,435	-	-	-	-
<b>Total cash received</b>	<b>2,814</b>	<b>1,933</b>	<b>1,938</b>	<b>1,940</b>	<b>1,940</b>
<b>Cash used</b>					
Employees	883	896	900	901	926
Suppliers	1,041	819	820	832	876
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	<b>1,924</b>	<b>1,715</b>	<b>1,720</b>	<b>1,733</b>	<b>1,801</b>
<b>Net cash from or (used by) operating activities</b>	<b>890</b>	<b>218</b>	<b>218</b>	<b>207</b>	<b>138</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
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	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant equipment and intangibles	804	-	-	-	-
Purchase of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	<b>804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) investing activities</b>	<b>(804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**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
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	-	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from/(used by) financing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>	86	218	218	207	138
Cash at the beginning of the reporting period	267	353	571	789	996
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	353	571	789	996	1,134



**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
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	1,398	-	-	-	1,398
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>1,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,398</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>1,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,398</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers between equity components					
	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2008</b>	<b>1,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,398</b>

**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
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	804	-	-	-	-
<b>Total</b>	804	-	-	-	-



**Table 5.6: Departmental Property, Plant, Equipment and Intangibles – Summary of Movement (Budget year 2006-07)**

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>					
Gross book value	-	-	289	800	1,089
Accumulated depreciation	-	-	240	-	240
<b>Opening net book value</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>800</b>	<b>849</b>
Additions:					
by purchase	-	-	-	-	-
by finance lease	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	-	20	138	158
Recoverable amount write-downs	-	-	-	-	-
Other movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
<b>As at 30 June 2008</b>					
Gross book value	-	-	289	800	1,089
Accumulated depreciation	-	-	260	138	398
<b>Estimated closing net book value</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>662</b>	<b>691</b>

## 5.3: NOTES TO THE FINANCIAL STATEMENTS

The budgeted financial statements for PHIO 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 PHIO by identifying full accrual expenses and revenues. This highlights whether PHIO is operating at a sustainable level.

#### **Budgeted Departmental Balance Sheet (as at 30 June)**

The statement shows the financial position of PHIO. It enables decision-makers to track the management of PHIO'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 the PHIO's non financial assets during the Budget year.