

PRIVATE HEALTH INSURANCE ADMINISTRATION COUNCIL

Agency resources and planned performance

Private Health Insurance Administration Council

Health and Ageing Portfolio Agency

PHIAC

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Section 1: Agency Overview and Resources

1.1 Strategic Direction Statement

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

The *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 prescribed as a Commonwealth authority under the *Commonwealth Authorities and Companies Act 1997*.

1.2 Agency Resources

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

Table 1.2.1 PHIAC Resource Statement – Budget Estimates for 2012-13 as at Budget May 2012

| | Estimate of prior year amounts available in 2012-13 \$'000 | Proposed at Budget 2012-13 \$'000 | Total estimate 2012-13 \$'000 | Estimated available appropriation 2011-12 \$'000 |
|--|---|--|--|--|
| Opening balance/reserves at bank | 5,677 | - | 5,677 | 5,548 |
| FUNDS FROM GOVERNMENT | | | | |
| Ordinary annual services¹ | | | | |
| Outcome 1 | - | - | - | - |
| Total ordinary annual services | - | - | - | - |
| Other services² | | | | |
| <i>Non-operating</i> | - | - | - | - |
| Total other services | - | - | - | - |
| Total annual appropriations | - | - | - | - |
| Payments from related entities³ | | | | |
| Amounts from the Portfolio | | | | |
| Department | - | - | - | - |
| Amounts from other agencies | - | - | - | - |
| Total payments | - | - | - | - |
| Total funds from Government | - | - | - | - |
| Special appropriations | | | | |
| <i>Private Health Insurance Act 2007 - s307-10 Private Health Insurance (Risk Equalisation Trust Fund) Levy Act 2003</i> | - | 360,000 | 360,000 | 345,000 |
| <i>Private Health Insurance Act 2007 - s307-10 Private Health Insurance (Council Administration Levy) Act 2003</i> | - | 6,226 | 6,226 | 5,366 |
| Total special appropriations | - | 366,226 | 366,226 | 350,366 |

Table 1.2.1 PHIAC Resource Statement – Budget Estimates for 2012-13 as at Budget May 2012 (Cont.)

| | Estimate of prior year amounts available in 2012-13 \$'000 | Proposed at Budget 2012-13 \$'000 | Total estimate 2012-13 \$'000 | Estimated available appropriation 2011-12 \$'000 |
|--|---|--|--|--|
| FUNDS FROM INDUSTRY⁴ | | | | |
| Levies | - | 366,226 | 366,226 | 350,366 |
| <i>less amounts paid to the CRF</i> | - | (366,226) | (366,226) | (350,366) |
| Total industry funds | - | - | - | - |
| FUNDS FROM OTHER SOURCES | | | | |
| Interest | - | 406 | 406 | 414 |
| Sale of goods and services | - | 100 | 100 | - |
| Other | - | - | - | - |
| Total other sources | - | 506 | 506 | 414 |
| Total net resourcing for PHIAC | 5,677 | 366,732 | 372,409 | 356,328 |

All figures are GST exclusive.

PHIAC is not directly appropriated as it is a CAC Act body. Appropriations are made to the Department of Health and Ageing which are then paid to PHIAC.

¹ Appropriation Bill (No.1) 2012-13.

² Appropriation Bill (No.2) 2012-13.

³ Funding provided by a Government body that is not specified within the annual appropriation bills as a payment to the CAC Act body.

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* and are remitted to the Department of Health and Ageing (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 and Ageing, for redistribution to industry. Funds raised under the Council Administration Levy Act are appropriated under the *Private Health Insurance Act 2007* to meet general administrative costs of PHIAC.

1.3 Budget Measures

Budget measures relating to PHIAC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.3.1 PHIAC Budget Measures

| Program | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---------|------------|------------|------------|------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Budget Measures | | | | | |
| Private Health Insurance Premiums and Competition Unit - establishment | | | | | |
| Private Health Insurance Administration Council | | | | | |
| Departmental expenses | 1.1 | - 582 | 563 | 575 | 587 |
| Departmental capital | | - | - | - | - |
| Department of Health and Ageing | | | | | |
| Administered expenses | 9.1 | - | - | - | - |
| Administered capital | | - | - | - | - |
| Total expenses | | 582 | 563 | 575 | 587 |
| Private Health Insurance Administration Council | | | | | |
| Departmental revenue | 1.1 | - | - | - | - |
| Department of Health and Ageing | | | | | |
| Administered revenue | 9.1 | - 582 | 563 | 575 | 587 |
| Total revenue | | 582 | 563 | 575 | 587 |

Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

Outcome 1 - Prudential safety and competitiveness of the private health insurance industry in the interests of consumers, including through efficient industry regulation

Outcome Strategy

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

PHIAC will continue to monitor the private health insurance industry and develop rules, where necessary, to protect consumer interests by ensuring insurers are well run and prudentially sound. This will include the availability of reliable and transparent information on private health insurance. Challenges that may affect the work of PHIAC are the fragility that remains in global markets and preserving consumer confidence in private health insurance. PHIAC will address these challenges by closely monitoring the fiscal and underlying prudential position of insurers (principally through the process of mandatory quarterly reporting) and will continue its program of targeted reviews of insurers to ensure that the information provided by PHIAC is accurate and timely and that there is compliance with statutory requirements. At the same 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 2.1.1 provides an overview of the total expenses for PHIAC by Program.

Table 2.1.1: Budgeted Expenses and Resources for PHIAC

| | 2011-12 Estimated actual \$'000 | 2012-13 Budget \$'000 | 2013-14 Forward year 1 \$'000 | 2014-15 Forward year 2 \$'000 | 2015-16 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Program 1.1: Private health insurance prudential regulation and risk equalisation trust management | | | | | |
| Administered expenses | | | | | |
| Revenue from Government | | | | | |
| Amounts from the Portfolio Department | 345,000 | 360,000 | 385,000 | 410,000 | 445,000 |
| Revenues from independent sources | 120 | 121 | 125 | 141 | 151 |
| Departmental expenses | | | | | |
| Revenue from Government | | | | | |
| Amounts from the Portfolio Department | 5,366 | 6,226 | 6,370 | 6,687 | 6,820 |
| Revenues from independent sources | 294 | 385 | 392 | 389 | 391 |
| Operating deficit (surplus) | (21) | (31) | (1) | (1) | (1) |
| Total for Program 1.1 | 350,759 | 366,701 | 391,886 | 417,216 | 452,361 |
| Total expenses for Outcome 1 | 350,759 | 366,701 | 391,886 | 417,216 | 452,361 |
| <hr/> | | | | | |
| | 2011-12 | 2012-13 | | | |
| Average staffing level (number) | 30 | 34 | | | |

Program 1.1: Private health insurance prudential regulation and risk equalisation trust management

Program Objectives

Prudential safety, industry competitiveness, and consumer confidence

PHIAC will continue to maintain a strong and visible presence in the industry to ensure that consumers of private health insurance can be confident that their insurer will remain prudentially sound and well run. In particular, PHIAC will expand its program of fund reviews in 2012-13 to ensure that it has 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 program will feature reviews that are both deeper and more strategic in their reach, examining aspects of insurers' business which, in PHIAC's assessment, represent increased risk.

In 2012-13, the Government will establish the Private Health Insurance Premiums and Competition Unit (PACU) within PHIAC. The PACU will identify options to increase competition in the private health insurance market and put downward pressure on industry costs and premiums. The PACU will provide Government with detailed, robust and quicker advice on industry cost drivers, insurance premiums and competition.

Prudential standards for the private health insurance industry

Since 2007, PHIAC has been developing a suite of prudential standards to improve business practices within the private health insurance industry. In 2012-13, PHIAC will continue this work, finalising a standard dealing with outsourcing and initiating work on a standard on risk management. Also, PHIAC will complete its review of the capital adequacy and solvency standards to ensure that they better meet the needs of the evolving industry.

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. Significant PHIAC resources will continue to be dedicated to this function to ensure that the fund is administered accurately and on time.

Program 1.1: Deliverables¹

Table 2.1.2: Qualitative Deliverables for Program 1.1

| Qualitative Deliverables | 2012-13 Reference Point or Target |
|--|---|
| Prudential safety, industry competitiveness and consumer confidence | |
| 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. 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 | |
| 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 | |
| Complete all trust fund transactions correctly and in accordance with legislation | Transactions certified as accurate by the Australian National Audit Office |

Table 2.1.3: Quantitative Deliverables for Program 1.1

| Quantitative Deliverables | 2011-12 Revised Budget | 2012-13 Budget Target | 2013-14 Forward Year 1 | 2014-15 Forward Year 2 | 2015-16 Forward Year 3 |
|---|------------------------|-----------------------|------------------------|------------------------|------------------------|
| Prudential standards for the private health insurance industry | | | | | |
| Number of targeted reviews of private health insurers carried out | 5 | 5 | 5 | 5 | 5 |

¹ In 2012-13, all deliverables and key performance indicators have been reviewed and updated to ensure targeted performance reporting.

Program 1.1: Key Performance Indicators

Table 2.1.4: Qualitative Key Performance Indicators for Program 1.1

| Qualitative Indicator | 2012-13 Reference Point or Target |
|--|--|
| Prudential safety, industry competitiveness and consumer confidence | |
| Consumer confidence in the private health insurance industry is maintained or improved | Interactions with the Private Health Insurance Ombudsman and other regulators indicate consumers are satisfied with private health insurance |

Table 2.1.5: Quantitative Key Performance Indicators for Program 1.1

| Quantitative Indicators | 2011-12 Revised Budget | 2012-13 Budget Target | 2013-14 Forward Year 1 | 2014-15 Forward Year 2 | 2015-16 Forward Year 3 |
|---|------------------------|-----------------------|------------------------|------------------------|------------------------|
| Prudential safety, industry competitiveness and consumer confidence | | | | | |
| Percentage of funds continuing to be solvent and compliant with the Capital Adequacy Standard | 100% | 100% | 100% | 100% | 100% |
| Prudential standards for the private health insurance industry | | | | | |
| Percentage of private health insurers compliant with PHIAC obligations and zero financial loss for policy holders | 100% | 100% | 100% | 100% | 100% |
| Effectively manage the Risk Equalisation Trust Fund | | | | | |
| Percentage of quarterly payments calculated correctly and made on time ² | 100% | 100% | 100% | 100% | 100% |

² Payments are made by the industry in accordance with applicable legislation.

Section 3: Explanatory Tables and Budgeted Financial Statements

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

The 2012-13 Australian Government Indigenous Expenditure (AGIE) statement is not applicable because PHIAC has no specific Indigenous expenses.

3.2 Budgeted Financial Statements

3.2.1 Differences in agency resourcing and financial statements

Section 3.2.1 is not applicable to PHIAC.

3.2.2 Analysis of budgeted financial statements

An analysis of PHIAC's budgeted financial statements for 2012-13 is provided below.

Departmental Resources

Comprehensive Income Statement

PHIAC is planning an operating surplus for 2011-12 and 2012-13 with small operating surpluses in the forward years.

Levy revenues for 2012-13 and forward years reflect an increase 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 regulatory and information capacity. Expenditure is budgeted to be \$6.6 million in 2012-13.

Balance Sheet

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

Other assets and liabilities are expected to remain relatively constant.

Cash Flow

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 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|---|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 3,963 | 4,786 | 5,050 | 5,273 | 5,461 |
| Supplier expenses | 1,505 | 1,471 | 1,387 | 1,519 | 1,541 |
| Depreciation and amortisation | 151 | 196 | 204 | 161 | 83 |
| Finance costs | 1 | 1 | 1 | 1 | 1 |
| Other | 19 | 126 | 119 | 121 | 124 |
| Total expenses | 5,639 | 6,580 | 6,761 | 7,075 | 7,210 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Revenue | | | | | |
| Sale of goods and rendering of services | - | 100 | 102 | 104 | 106 |
| Interest | 294 | 285 | 290 | 285 | 285 |
| Total revenue | 294 | 385 | 392 | 389 | 391 |
| Gains | | | | | |
| Other | - | - | - | - | - |
| Total gains | - | - | - | - | - |
| Total own-source income | 294 | 385 | 392 | 389 | 391 |
| Net cost of (contribution by) services | 5,345 | 6,195 | 6,369 | 6,686 | 6,819 |
| Revenue from Government | 5,366 | 6,226 | 6,370 | 6,687 | 6,820 |
| Surplus (Deficit) | 21 | 31 | 1 | 1 | 1 |
| Surplus (Deficit) attributable to the Australian Government | 21 | 31 | 1 | 1 | 1 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Changes in asset revaluation reserves | - | - | - | - | - |
| Total other comprehensive income | - | - | - | - | - |
| Total comprehensive income attributable to the Australian Government | 21 | 31 | 1 | 1 | 1 |

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

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 5,677 | 5,886 | 6,158 | 6,486 | 6,737 |
| Receivables | 89 | 88 | 88 | 90 | 90 |
| Investments | 5 | 5 | 5 | 5 | 5 |
| Total financial assets | 5,771 | 5,979 | 6,251 | 6,581 | 6,832 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 437 | 396 | 293 | 193 | 200 |
| Intangibles | 79 | 55 | 30 | 31 | 22 |
| Other | 35 | 35 | 35 | 35 | 35 |
| Total non-financial assets | 551 | 486 | 358 | 259 | 257 |
| Total assets | 6,322 | 6,465 | 6,609 | 6,840 | 7,089 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 298 | 268 | 230 | 232 | 242 |
| Other payables | - | - | - | - | - |
| Total payables | 298 | 268 | 230 | 232 | 242 |
| Provisions | | | | | |
| Employees | 1,218 | 1,360 | 1,541 | 1,769 | 2,007 |
| Other provisions | 90 | 90 | 90 | 90 | 90 |
| Total provisions | 1,308 | 1,450 | 1,631 | 1,859 | 2,097 |
| Total liabilities | 1,606 | 1,718 | 1,861 | 2,091 | 2,339 |
| Net assets | 4,716 | 4,747 | 4,748 | 4,749 | 4,750 |
| EQUITY | | | | | |
| Reserves | 93 | 93 | 93 | 93 | 93 |
| Retained surpluses or accumulated deficits | 4,623 | 4,654 | 4,655 | 4,656 | 4,657 |
| Total equity | 4,716 | 4,747 | 4,748 | 4,749 | 4,750 |

**Table 3.2.3: Departmental statement of changes in equity — summary of movement
(Budget year 2012-13)**

| | Retained earnings | Asset revaluation reserve | Other reserves | Contributed equity/ capital | Total equity |
|---|----------------------|---------------------------------|-------------------|-----------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance as at 1 July 2012 | | | | | |
| Balance carried forward from previous period | 4,623 | 93 | - | - | 4,716 |
| Surplus (deficit) for the period | 31 | - | - | - | 31 |
| Appropriation (equity injection) | - | - | - | - | - |
| Estimated closing balance as at 30 June 2013 | | | | | |
| | 4,654 | 93 | - | - | 4,747 |

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|---|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | - | 100 | 102 | 104 | 106 |
| Funds from Government | 5,366 | 6,226 | 6,370 | 6,687 | 6,820 |
| Interest | 346 | 285 | 290 | 285 | 285 |
| Net GST received | 165 | 165 | 165 | 165 | 165 |
| Other cash received | - | - | - | - | - |
| Total cash received | 5,877 | 6,776 | 6,927 | 7,241 | 7,376 |
| Cash used | | | | | |
| Employees | 3,831 | 4,644 | 4,868 | 5,045 | 5,223 |
| Suppliers | 1,822 | 1,791 | 1,710 | 1,805 | 1,820 |
| Net GST paid | - | - | - | - | - |
| Other cash used | 1 | 1 | 1 | 1 | 1 |
| Total cash used | 5,654 | 6,436 | 6,579 | 6,851 | 7,044 |
| Net cash from (or used by) operating activities | 223 | 340 | 348 | 390 | 332 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 94 | 131 | 76 | 62 | 81 |
| Total cash used | 94 | 131 | 76 | 62 | 81 |
| Net cash from (or used by) investing activities | (94) | (131) | (76) | (62) | (81) |
| FINANCING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Repayment of borrowings | - | - | - | - | - |
| Total cash used | - | - | - | - | - |
| Net cash from (or used by) financing activities | - | - | - | - | - |
| Net increase (or decrease) in cash held | 129 | 209 | 272 | 328 | 251 |
| Cash and cash equivalents at the beginning of the reporting period | 5,548 | 5,677 | 5,886 | 6,158 | 6,486 |
| Cash and cash equivalents at the end of the reporting period | 5,677 | 5,886 | 6,158 | 6,486 | 6,737 |

Table 3.2.5: Capital budget statement

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|--|--|---|--|--|--|
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources | 94 | 131 | 76 | 62 | 81 |
| Total acquisitions of non-financial assets | 94 | 131 | 76 | 62 | 81 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 94 | 131 | 76 | 62 | 81 |
| Total cash used to acquire assets | 94 | 131 | 76 | 62 | 81 |

Table 3.2.6: Statement of asset movements (2012-13)

| | Buildings | Other property, plant & equipment | Intangibles | Total |
|---|------------------|--|--------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2012 | | | | |
| Gross book value | - | 755 | 84 | 839 |
| Accumulated depreciation/amortisation and impairment | - | 318 | 5 | 323 |
| Opening net book balance | - | 437 | 79 | 516 |
| CAPITAL ASSET ADDITIONS | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - appropriation ordinary annual services | - | 121 | 10 | 131 |
| Sub-total | - | 121 | 10 | 131 |
| Other movements | | | | |
| Depreciation/amortisation expense | - | 162 | 34 | 196 |
| As at 30 June 2013 | | | | |
| Gross book value | - | 876 | 94 | 970 |
| Accumulated depreciation/amortisation and impairment | - | 480 | 39 | 519 |
| Closing net book balance | - | 396 | 55 | 451 |

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|--|--|---|--|--|--|
| INCOME ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Revenue | | | | | |
| Non-taxation | | | | | |
| Interest | 120 | 121 | 125 | 141 | 151 |
| Risk equalisation levy ¹ | 345,000 | 360,000 | 385,000 | 410,000 | 445,000 |
| Total non-taxation | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |
| Total revenues administered on behalf of Government | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |
| Total income administered on behalf of Government | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |
| EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Finance costs | 120 | 121 | 125 | 141 | 151 |
| Risk equalisation distribution ¹ | 345,000 | 360,000 | 385,000 | 410,000 | 445,000 |
| Total expenses administered on behalf of Government | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |

¹ PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and are remitted to the Department of Health and Ageing (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 and Ageing, for redistribution to industry. The funds returned and received from the Department of Health and Ageing are not duplicated in the table above but are shown under Outcome 9 of the Department of Health and Ageing's chapter in this PB Statements.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|---|--|---|--|--|--|
| ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 35 | 35 | 35 | 35 | 35 |
| Total financial assets | 35 | 35 | 35 | 35 | 35 |
| Total assets administered on behalf of Government | 35 | 35 | 35 | 35 | 35 |
| LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Payables | | | | | |
| Suppliers | 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 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

| | Estimated actual 2011-12 \$'000 | Budget estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 | Forward estimate 2015-16 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Risk equalisation levy ¹ | 345,000 | 360,000 | 385,000 | 410,000 | 445,000 |
| Interest | 120 | 121 | 125 | 141 | 151 |
| Total cash received | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |
| Cash used | | | | | |
| Risk equalisation distribution ¹ | 345,000 | 360,000 | 385,000 | 410,000 | 445,000 |
| Financing costs | 120 | 121 | 125 | 141 | 151 |
| Total cash used | 345,120 | 360,121 | 385,125 | 410,141 | 445,151 |
| Net cash from (or used by) operating activities | - | - | - | - | - |
| Net increase (or decrease) in cash held | - | - | - | - | - |
| Cash at beginning of reporting period | 35 | 35 | 35 | 35 | 35 |
| Cash at end of reporting period | 35 | 35 | 35 | 35 | 35 |

¹ PHIAC receives levies from industry under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* and are remitted to the Department of Health and Ageing (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 and Ageing, for redistribution to industry. The funds returned and received from the Department of Health and Ageing are not duplicated in the table above but are shown under Outcome 9 of the Department of Health and Ageings chapter in this PB Statements.

