

# **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 and Ageing 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 2010-11 as at Budget May 2010**

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Estimated available appropriation 2009-10 \$'000
<b>Opening balance/reserves at bank</b>	4,678	-	4,678	5,120
<b>FUNDS FROM GOVERNMENT</b>				
<b>Ordinary annual services<sup>1</sup></b>				
Outcome 1	-	-	-	-
<b>Total ordinary annual services</b>	-	-	-	-
<b>Other services<sup>2</sup></b>				
<i>Non-operating</i>	-	-	-	-
<b>Total other services</b>	-	-	-	-
<b>Total annual appropriations</b>	-	-	-	-
<b>Payments from related entities<sup>3</sup></b>				
Amounts from the portfolio department	-	-	-	-
Amounts from other agencies	-	-	-	-
<b>Total payments</b>	-	-	-	-
<b>Total funds from Government</b>	-	-	-	-
<b>Special appropriations</b>				
<i>Private Health Insurance     Act 2007 - s307-10 Private     Health Insurance (Risk     Equalisation Trust Fund)     Levy) Act 2003</i>	-	290,000	290,000	275,000
<i>Private Health Insurance     Act 2007 - s307-10 Private     Health Insurance (Council     Administration Levy) Act 2003</i>	-	5,235	5,235	5,085
<b>Total special appropriations</b>	-	295,235	295,235	280,085

**Table 1.2.1 PHIAC Resource Statement – Budget Estimates for 2010-11 as at Budget May 2010 (cont.)**

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Estimated available appropriation 2009-10 \$'000
<b>FUNDS FROM INDUSTRY SOURCES</b>				
Levies <sup>2</sup>	-	295,235	295,235	280,085
<i>less amounts paid to the CRF</i>	-	(295,235)	(295,235)	(280,085)
<b>Total industry sources</b>	-	-	-	-
<b>FUNDS FROM OTHER SOURCES</b>				
Interest	-	415	415	326
Sale of goods and services	-	105	105	126
Other	-	-	-	1
<b>Total other sources</b>	-	<b>520</b>	<b>520</b>	<b>453</b>
<b>Total net resourcing for PHIAC</b>	<b>4,678</b>	<b>295,755</b>	<b>300,433</b>	<b>285,658</b>

Notes:

- 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 the PHIAC.
- <sup>1</sup> Appropriation Bill (No.1) 2010-11.
- <sup>2</sup> Appropriation Bill (No.2) 2010-11.
- <sup>3</sup> Funding provided by a Government body that is not specified within the annual appropriation bills as a payment to the CAC Act body.

### 1.3 Budget Measures

Section 1.3 is not applicable to PHIAC in 2010-11.

## 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 information to the industry, consumers and the Government. It also manages the Risk Equalisation Trust Fund (the 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 the Capital Adequacy and Solvency 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 regulations, where necessary, to protect consumer interests. This will include the availability of reliable and transparent information on private health insurance. Challenges that may affect the work of PHIAC are the global financial crisis and consumer confidence. During the global financial crisis, PHIAC increased its oversight of private health insurers and provided additional resources on investments, governance practices and prudential management.

## 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**

	2009-10 Estimated actual \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
<b>Program 1.1: Private health insurance prudential regulation and risk equalisation trust management</b>					
Administered expenses					
Funds from Government	275,000	290,000	310,000	325,000	350,000
Revenues from independent sources	150	200	214	224	241
Departmental expenses					
Funds from Government	5,085	5,235	5,366	5,550	5,717
Revenues from independent sources	303	320	321	323	326
<b>Total for Program 1.1</b>	<b>280,538</b>	<b>295,755</b>	<b>315,901</b>	<b>331,097</b>	<b>356,284</b>
<b>Total expenses for Outcome 1</b>	<b>280,538</b>	<b>295,755</b>	<b>315,901</b>	<b>331,097</b>	<b>356,284</b>
	<b>2009-10</b>	<b>2010-11</b>			
<b>Average staffing level (number)</b>	28	30			

## Contributions to PHIAC

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

#### Program Objective

The Australian Government, through this Program, aims to:

- ensure a prudential and viable private health industry, and maintain consumer confidence;
- develop additional prudential standards for the private health insurance industry;
- effectively manage the Risk Equalisation Trust Fund; and
- develop and publish policies and operating procedures on administering the PHI Act.

#### Major Activities

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

The Australian Government aims to provide equity, access and consistent practice in the private health insurance industry, enhance transparency, and protect the interests of consumers. PHIAC will achieve this by strengthening the governance of insurers and minimising the risk of future regulatory failures through the development of prudential standards. The PHI Act permits PHIAC to develop a range of additional standards to improve the integrity, prudence and professionalism of the insurers. The governance standards will reflect both domestic and international best practice.

In 2010-11, PHIAC will monitor and supervise health insurers' compliance with the standards to ensure health insurers retain sufficient capital to remain solvent. PHIAC will also oversee industry activity by managing activities including mergers, acquisitions and changes in for-profit status. In addition, PHIAC will continue to proactively monitor industry information it receives. In the current financial environment, PHIAC will provide information on investments and financial risk assessment, as it recognises that the industry is likely to continue with mergers and acquisitions.

PHIAC will collect information on the financial activities of the private health insurers, including the contributions received, benefits paid and details of investments. This will allow PHIAC to regulate and support a viable private health insurance industry.

PHIAC will actively monitor the solvency status of insurers and manage risks. PHIAC's flexible stress testing model for the prudence of a range of standards will ensure that insurers' viability is maintained. These activities will allow PHIAC to intervene early to prevent industry breaches. In 2010-11, PHIAC will focus on insurer investments and financial risk assessments. PHIAC's Capital Adequacy and Solvency Standards define the minimum capital to be held by an insurer to meet its liability to existing and new policy holders. If a risk is identified by PHIAC, it will intervene early by reviewing the insurer's financial records and taking action to prevent insolvency. Through these activities, PHIAC aims to maintain consumer confidence in the prudential security of the private health insurance industry.

### **Regulatory action and awareness**

The Australian Government aims to provide a transparent regulatory system. In 2010-11, PHIAC will provide information to assist insurers to gain a better understanding of their regulatory obligations. PHIAC will also continue developing and delivering industry training and education seminars to insurers so that directors and managers have an understanding of their responsibilities. These seminars will assist insurers to maintain integrity, prudence and professional skill. PHIAC will respond quickly to crises or emerging issues in the private health insurance industry. In particular, PHIAC will use the lessons of recent regulatory incidents to ensure that it has the required resources to proactively manage the issues. Staying aware of emerging risks within the industry, and maintaining a capacity to address them when they reach a point of concern, is a constant challenge for PHIAC. PHIAC has addressed this by reassigning additional resources to better model and assess levels of prudential risk within the sector, and by conducting internal risk training scenarios. This ensures that PHIAC is better placed to intervene on a preventative basis, as required.

From 1 July 2009, there was an increase in the Council Administration Levy, imposed under the PHI Act, collected from private health insurers. In 2009-10, the increase was \$0.650 million, and in 2010-11 it will be \$0.150 million. The total ongoing increase is \$0.8 million.

This was the first increase sought since 2005, enabling PHIAC to meet additional costs since 2005, undertake additional regulatory requirements as set in the PHI Act, and undertake further supervisory activities as a result of the global financial crisis.

### **Effectively manage the risk equalisation trust fund**

The Australian Government aims to support community rating of private health insurance through the operation of risk equalisation arrangements. To achieve this, PHIAC manages the Trust Fund through accurate and timely distribution of payments to registered private health insurers.

The Trust Fund plays an important role in the operation of the private health insurance industry, as it supports community rating, ensuring private health insurance is available at a fair price to all Australians regardless of age or health status. The Trust Fund is audited by the Australian National Audit Office annually. As a zero sum account (amounts paid in always equal amounts paid out) involving large sums, the Trust Fund must be managed scrupulously. To achieve this, balances are regularly assessed and entries are double-checked by qualified PHIAC staff. The conduct of the Trust Fund is also an integral element of PHIAC's risk management strategy.

### **Information to the Australian Government and the public**

The Australian Government aims to provide the public up-to-date and accurate information about private health insurance. PHIAC uses the statistical and financial information collected from registered private health insurers to assist the Government to consider premium applications by insurers. PHIAC also reports on the operations of private health insurers in its annual report to the Government. This report provides information about premiums payable to insurers, insurer benefits payable by insurers, insurers' management expenses and details of how insurers have invested reserves.

PHIAC collects a range of information including membership, coverage and gap cover statistics from various sources.<sup>1</sup> PHIAC provides this information to the Australian Government and consumers quarterly. Aggregated data from these reports are available on the website<sup>2</sup> and distributed electronically on request.

**Program 1.1: Deliverables**

The Department will produce the following ‘Deliverables’ to achieve the Program Objective.

**Table 2.1.2: Qualitative Deliverables for Program 1.1**

Qualitative Deliverables	2010-11 Reference Point or Target
<b>Prudential safety and industry competitiveness</b>	
Private health insurance funds are solvent and meet their prudential requirements	Private health insurance funds are assessed against Capital Adequacy and Solvency Standard
<b>Regulatory action and awareness</b>	
Training and education opportunities for directors and managers of health insurers	Improved levels of awareness amongst both directors and managers of health insurers about PHIAC’s prudential and regulatory activities
<b>Information to the Australian Government and the public</b>	
Policies and operating procedures are developed and published	PHIAC’s policies are published on its website and, when issued or varied, a notice to industry is issued

<sup>1</sup> PHIAC A (Membership benefits statistics), PHIAC B (Financial statistics), PHIAC 3 (data on private health insurance expenditure on prostheses) and PHIAC 4 (data monitoring medical claims and out-of-pocket expenses for consumers).

<sup>2</sup> Accessible at: [www.phiac.gov.au](http://www.phiac.gov.au)

**Table 2.1.3: Quantitative Deliverables for Program 1.1<sup>3</sup>**

Quantitative Deliverables	2009-10 Revised Budget	2010-11 Budget	2011-12 Forward Year 1	2012-13 Forward Year 2	2013-14 Forward Year 3
<b>Regulatory action and awareness</b>					
Number of industry education training seminars delivered	2	1	1	1	1
Number of targeted reviews of private health insurers carried out <sup>4</sup>	5	5	5	5	5

**Program 1.1: Key Performance Indicators**

The following ‘Key Performance Indicators’ measure the impact of the Program.

**Table 2.1.4: Quantitative Key Performance Indicators for Program 1.1<sup>5</sup>**

Quantitative Indicators	2009-10 Revised Budget	2010-11 Budget Target	2011-12 Forward Year 1	2012-13 Forward Year 2	2013-14 Forward Year 3
<b>Prudential safety and industry competitiveness</b>					
Percentage of funds continuing to be solvent and compliant with the Capital Adequacy Standard	100%	100%	100%	100%	100%
<b>Regulatory action and awareness</b>					
Percentage of private health insurers compliant with PHIAC obligations and zero financial loss for policy holders	100%	100%	100%	100%	100%

<sup>3</sup> The deliverables and key performance indicators have been revised from the 2009-10 Portfolio Budget Statements to allow for clearer reporting.

<sup>4</sup> Target adjusted in accordance with PHIAC’s *Strategic Plan 2009-12*.

<sup>5</sup> The deliverables and key performance indicators have been revised from the 2009-10 Portfolio Budget Statements to allow for clearer reporting.

Quantitative Indicators	2009-10 Revised Budget	2010-11 Budget Target	2011-12 Forward Year 1	2012-13 Forward Year 2	2013-14 Forward Year 3
<b>Effectively manage the risk equalisation trust fund</b>					
Percentage of quarterly payments calculated correctly and made on time <sup>6</sup>	100%	100%	100%	100%	100%
<b>Information to the Australian Government and the public</b>					
Percentage of publications disseminated to the public in a timely manner	100%	100%	100%	100%	100%
Percentage of statistics disseminated to the Government and the public in a timely manner	100%	100%	100%	100%	100%
Percentage of information disseminated to the public in a timely manner	100%	100%	100%	100%	100%
Percentage of policies and operating procedures developed and published in a timely manner	100%	100%	100%	100%	100%

<sup>6</sup> Payments are made by the industry in accordance with applicable legislation.

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

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2010-11 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

### **3.1 Explanatory Tables**

#### **3.1.1 Movement of administered funds between years**

Section 3.1.1 is not applicable to PHIAC.

#### **3.1.2 Special Accounts**

Section 3.1.2 is not applicable to PHIAC.

#### **3.1.3 Australian Government Indigenous Expenditure**

The 2010-11 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 2010-11 is provided below.

#### **Departmental Resources**

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

PHIAC is planning an operating surplus for 2009-10 and small operating surpluses for 2010-11 and the forward years.

There will be a minor increase from the Private Health Administration Council Levy in 2010-11 of approximately \$150,000 (3 per cent). Minor increases of 3 per cent in 2011-12, and forward years are also expected. The levy is appropriated to PHIAC and shown as Revenue from Government.

Other revenues are expected to be relatively consistent for the budget and forward years.

Expenses are expected to increase slightly over the budget and forward years with normal expected growth in prices for suppliers and employees.

##### **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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>EXPENSES</b>					
Employee benefits	3,385	3,879	4,061	4,195	4,342
Supplier expenses	1,747	1,471	1,430	1,489	1,506
Depreciation and amortisation	231	183	175	168	174
Finance costs	3	2	1	1	1
Other	22	20	20	20	20
<b>Total expenses</b>	<b>5,388</b>	<b>5,555</b>	<b>5,687</b>	<b>5,873</b>	<b>6,043</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	126	105	106	108	110
Interest	176	215	215	215	216
Other revenue	1	-	-	-	-
<b>Total revenue</b>	<b>303</b>	<b>320</b>	<b>321</b>	<b>323</b>	<b>326</b>
<b>Gains</b>					
Other	-	-	-	-	-
<b>Total gains</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total own-source income</b>	<b>303</b>	<b>320</b>	<b>321</b>	<b>323</b>	<b>326</b>
<b>Net cost of (contribution by) services</b>	<b>5,085</b>	<b>5,235</b>	<b>5,366</b>	<b>5,550</b>	<b>5,717</b>
Revenue from Government	5,085	5,235	5,366	5,550	5,717
<b>Surplus (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus (Deficit) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4,673	4,921	5,148	5,358	5,594
Receivables	90	92	94	95	97
Investments	5	5	5	5	5
<b>Total financial assets</b>	<b>4,768</b>	<b>5,018</b>	<b>5,247</b>	<b>5,458</b>	<b>5,696</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	552	439	324	213	97
Other	137	117	112	92	87
<b>Total non-financial assets</b>	<b>689</b>	<b>556</b>	<b>436</b>	<b>305</b>	<b>184</b>
<b>Total assets</b>	<b>5,457</b>	<b>5,574</b>	<b>5,683</b>	<b>5,763</b>	<b>5,880</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	212	231	183	106	61
Other payables	97	93	93	93	93
<b>Total payables</b>	<b>309</b>	<b>324</b>	<b>276</b>	<b>199</b>	<b>154</b>
<b>Provisions</b>					
Employees	634	736	893	1,050	1,212
Other provisions	100	100	100	100	100
<b>Total provisions</b>	<b>734</b>	<b>836</b>	<b>993</b>	<b>1,150</b>	<b>1,312</b>
<b>Total liabilities</b>	<b>1,043</b>	<b>1,160</b>	<b>1,269</b>	<b>1,349</b>	<b>1,466</b>
<b>Net assets</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>
<b>EQUITY</b>					
Reserves	64	64	64	64	64
Retained surpluses or accumulated deficits	4,350	4,350	4,350	4,350	4,350
<b>Total equity</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>	<b>4,414</b>

**Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)**

	<b>Retained surplus</b>	<b>Asset revaluation reserve</b>	<b>Other reserves</b>	<b>Contributed equity/capital</b>	<b>Total equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance carried forward from previous period	4,350	64	-	-	<b>4,414</b>
Surplus (deficit) for the period	-	-	-	-	-
Appropriation (equity injection)	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2011</b>	<b>4,350</b>	<b>64</b>	-	-	<b>4,414</b>

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	126	105	107	108	110
Funds from Government	5,085	5,235	5,366	5,550	5,717
Interest	187	215	215	215	216
Net GST received	140	140	140	140	140
Other cash received	1	-	-	-	-
<b>Total cash received</b>	<b>5,539</b>	<b>5,695</b>	<b>5,828</b>	<b>6,013</b>	<b>6,183</b>
<b>Cash used</b>					
Employees	3,460	3,760	3,969	4,115	4,246
Suppliers	1,861	1,471	1,431	1,490	1,502
Net GST paid	140	140	140	140	140
Other cash used	3	2	1	1	1
<b>Total cash used</b>	<b>5,464</b>	<b>5,373</b>	<b>5,541</b>	<b>5,746</b>	<b>5,889</b>
<b>Net cash from (or used by) operating activities</b>	<b>75</b>	<b>322</b>	<b>287</b>	<b>267</b>	<b>294</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	509	70	60	57	58
<b>Total cash used</b>	<b>509</b>	<b>70</b>	<b>60</b>	<b>57</b>	<b>58</b>
<b>Net cash from (or used by) investing activities</b>	<b>(509)</b>	<b>(70)</b>	<b>(60)</b>	<b>(57)</b>	<b>(58)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash used</b>					
Repayment of borrowings	8	4	-	-	-
<b>Total cash used</b>	<b>8</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from (or used by) financing activities</b>	<b>(8)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (or decrease) in cash held</b>	<b>(442)</b>	<b>248</b>	<b>227</b>	<b>210</b>	<b>236</b>
Cash at the beginning of the reporting period	5,115	4,673	4,921	5,148	5,358
<b>Cash at the end of the reporting period</b>	<b>4,673</b>	<b>4,921</b>	<b>5,148</b>	<b>5,358</b>	<b>5,594</b>

**Table 3.2.5: Capital budget statement**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	-	-	-	-
Funded internally from departmental resources <sup>1</sup>	509	70	60	57	58
<b>Total acquisitions of non-financial assets</b>	<b>509</b>	<b>70</b>	<b>60</b>	<b>57</b>	<b>58</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	509	70	60	57	58
<b>Total cash used to acquire assets</b>	<b>509</b>	<b>70</b>	<b>60</b>	<b>57</b>	<b>58</b>

<sup>1</sup> Includes the following sources of funding:  
 - annual and prior year appropriations;  
 - donations and contributions;  
 - gifts;  
 - finance leases;  
 - internally developed assets;  
 - section 31 relevant agency receipts (for FMA agencies only); and  
 - proceeds from the sale of assets.

**Table 3.2.6: Statement of asset movements (2010-11)**

	Land	Buildings	Other infrastructure, plant & equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2010</b>					
Gross book value	-	-	1,458	-	1,458
Accumulated depreciation/amortisation	-	-	906	-	906
<b>Opening net book balance</b>	-	-	<b>552</b>	-	<b>552</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
By purchase - appropriation ordinary annual services	-	-	70	-	70
<b>Sub-total</b>	-	-	<b>70</b>	-	<b>70</b>
<b>Other movements</b>					
Depreciation/amortisation expense	-	-	183	-	183
<b>as at 30 June 2011</b>					
Gross book value	-	-	1,528	-	1,528
Accumulated depreciation/amortisation	-	-	1,089	-	1,089
<b>Closing net book balance</b>	-	-	<b>439</b>	-	<b>439</b>

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Interest	150	200	214	224	241
Other sources of non-taxation revenues	275,000	290,000	310,000	325,000	350,000
<b>Total non-taxation</b>	<b>275,150</b>	<b>290,200</b>	<b>310,214</b>	<b>325,224</b>	<b>350,241</b>
<b>Total revenues administered on behalf of Government</b>	<b>275,150</b>	<b>290,200</b>	<b>310,214</b>	<b>325,224</b>	<b>350,241</b>
<b>Total income administered on behalf of Government</b>	<b>275,150</b>	<b>290,200</b>	<b>310,214</b>	<b>325,224</b>	<b>350,241</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Finance costs	150	200	214	224	241
Other	275,000	290,000	310,000	325,000	350,000
<b>Total expenses administered on behalf of Government</b>	<b>275,150</b>	<b>290,200</b>	<b>310,214</b>	<b>325,224</b>	<b>350,241</b>

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	44	44	44	44	44
<b>Total financial assets</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
<b>Total assets administered on behalf of Government</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	4	4	4	4	4
<b>Total payables</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Total liabilities administered on behalf of Government</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>



**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	8	8	8	8	9
Interest	150	200	214	224	241
Other	275,000	290,000	310,000	325,000	350,000
<b>Total cash received</b>	<b>275,158</b>	<b>290,208</b>	<b>310,222</b>	<b>325,232</b>	<b>350,250</b>
<b>Cash used</b>					
Other	275,000	290,000	310,000	325,000	350,000
Interest	158	208	222	232	250
Cash to the Official Public Account	275,000	290,000	310,000	325,000	350,000
<b>Total cash used</b>	<b>550,158</b>	<b>580,208</b>	<b>620,222</b>	<b>650,232</b>	<b>700,250</b>
<b>Net cash from (or used by) operating activities</b>	<b>(275,000)</b>	<b>(290,000)</b>	<b>(310,000)</b>	<b>(325,000)</b>	<b>(350,000)</b>
<b>Net increase (or decrease) in cash held</b>	<b>(275,000)</b>	<b>(290,000)</b>	<b>(310,000)</b>	<b>(325,000)</b>	<b>(350,000)</b>
Cash at beginning of reporting period	44	44	44	44	44
Cash from Official Public Account for: - appropriations	275,000	290,000	310,000	325,000	350,000
<b>Cash at end of reporting period</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>44</b>

### **3.2.4 Notes to 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 comprehensive 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.

##### **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, provides 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 2010-11)**

This table shows the movements in equity 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 the 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 the 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 the cash flows administered by PHIAC on behalf of the Government.

