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09



INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Scope

I have audited the financial statements of the Health Insurance Commission for the year ended 30 June 2003. The financial statements include the consolidated financial statements of the economic entity comprising the Health Insurance Commission and the entity it controlled at the year's end or from time to time during the financial year. The financial statements comprise:

- Statement by the Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements.

The members of the Board of Commissioners are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view of the Health Insurance Commission and the economic entity which is consistent with my understanding of the Health Insurance Commission's and the economic entity's financial position, and performance as represented by the results of their operations and their cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

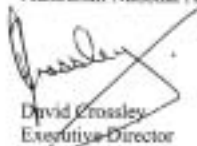
In my opinion,

- (i) the financial statements have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Health Insurance Commission and the economic entity as at 30 June 2003 and their performance for the year then ended.

Inherent Uncertainty regarding the liabilities for the IBNR Scheme

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1.16 to the financial statements, the Health Insurance Commission has recorded an estimate of \$498.5 million in relation to the Commonwealth's liabilities for the Medical Indemnity IBNR Scheme for Medical Defence Organisations. This estimate is based on independent actuarial assessment. As explained in the note, there is inherent uncertainty regarding this estimate of the Commonwealth's liability and the Commonwealth will continue to conduct an assessment of this amount in future years.

Australian National Audit Office



David Crossley
Executive Director

Delegate of the Auditor-General

Canberra
12 September 2003

Statement by the Directors

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.



Peter Bunting
Chairman
12 September 2003



Jeff Whalan
Managing Director
12 September 2003

STATEMENT OF financial performance

For the year ended 30 June 2003

	Notes	Consolidated		HIC	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
REVENUE					
Revenues from ordinary activities					
Goods and services	4.1	449,598	419,037	449,598	420,788
Interest	4.2	1,483	-	1,483	-
Net foreign exchange gains	4.3	12	-	12	-
Revenue from sale of assets	5.5	25	27	25	27
Other	4.4	2,503	3,388	2,503	3,388
Revenues from ordinary activities		453,621	422,452	453,621	424,203
EXPENSES					
Expenses from ordinary activities					
Employees	5.1	246,042	211,824	246,042	211,824
Suppliers	5.2	200,864	184,114	200,939	185,879
Depreciation and amortisation	5.3	28,218	20,801	28,021	20,663
Write-down of assets	5.4	216	79	216	79
Value of assets sold	5.5	784	2,098	784	2,098
Net foreign exchange losses	5.6	-	56	-	56
Expenses from ordinary activities		476,124	418,972	476,002	420,599
Operating surplus/(deficit) from ordinary activities		(22,503)	3,480	(22,381)	3,604
Net surplus/(deficit)		(22,503)	3,480	(22,381)	3,604
Net debit to asset revaluation reserve	10	(7,046)	-	(7,046)	
Decrease in accumulated results on application of transitional provisions in accounting standard AASB 1041 – Revaluation of Non-Current Assets	10	(189)	-	(189)	
Decrease in accumulated results on application of transitional provisions in accounting standard AASB 1028 – Employee Benefits	10	(485)	-	-	(485)
Total revenues, expenses and valuation adjustments recognised directly in equity		(7,720)	-	(7,720)	-
Total changes in equity other than those resulting from transactions with owners as owners	10	(30,223)	3,480	(30,101)	3,604

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF financial position

As at 30 June 2003

	Notes	Consolidated		HIC	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
ASSETS					
Financial assets					
Cash		9,136	11,870	9,136	11,870
Receivables	6.1	8,863	10,169	9,176	10,713
Investment	6.2	-	-	247	-
Accrued revenues		5,014	4,875	5,014	4,876
Total financial assets		23,013	26,914	23,573	27,459
Non-financial assets					
Infrastructure, plant and equipment	7.1	31,649	39,425	31,460	39,294
Intangibles	7.2	80,720	57,923	80,596	57,676
Other	7.4	20,193	18,623	20,193	18,580
Total non-financial assets		132,562	115,971	132,249	115,550
Total assets		155,575	142,885	155,822	143,009
LIABILITIES					
Provisions					
Employees	8	68,129	60,373	68,129	60,373
Total provisions		68,129	60,373	68,129	60,373
Payables					
Suppliers	9.1	31,611	36,454	31,611	36,454
Other	9.2	3,395	1,895	3,395	1,895
Total payables		35,006	38,349	35,006	38,349
Total liabilities		103,135	98,722	103,135	98,722
NET ASSETS		52,440	44,163	52,687	44,287
EQUITY					
Contributed equity	10	99,975	61,474	99,975	61,474
Reserves	10	10,693	17,739	10,693	17,739
Accumulated deficits	10	(58,228)	(35,050)	(57,981)	(34,926)
Total equity		52,440	44,163	52,687	44,287
Current assets		43,206	45,537	43,519	46,039
Non-current assets		112,369	97,348	112,303	96,970
Current liabilities		67,769	67,407	67,769	67,407
Non-current liabilities		35,366	31,315	35,366	31,315

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF cash flows

For the year ended 30 June 2003

	Notes	Consolidated		HIC	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services		453,487	418,971	453,487	418,971
Interest		1,483	-	1,483	-
Other		2,515	-	2,515	-
GST received from ATO		22,895	27,601	22,895	27,601
Total cash received		480,380	446,572	480,380	446,572
Cash used					
Employees		242,369	210,940	242,369	210,940
Suppliers		228,012	211,123	228,085	211,078
Total cash used		470,381	422,063	470,454	422,018
Net cash from operating activities	11	9,999	24,509	9,926	24,554
INVESTING ACTIVITIES					
Cash received					
Proceeds from sale of infrastructure, plant and equipment		25	27	25	27
Cash used					
Purchase of infrastructure, plant, equipment and intangibles		51,259	42,242	51,126	42,096
Purchase of infrastructure, plant and equipment on behalf of HeSA Pty Ltd		-	-	133	191
Total cash used		51,259	42,242	51,259	42,287
Net cash (used) by investing activities		(51,234)	(42,215)	(51,234)	(42,260)
FINANCING ACTIVITIES					
Cash received					
Contributed equity		38,501	6,308	38,501	6,308
Other		-	-	73	-
Net cash from financing activities		38,501	6,308	38,574	6,308
Net (decrease) in cash held		(2,734)	(11,398)	(2,734)	(11,398)
Cash at the beginning of the reporting period		11,870	23,268	11,870	23,268
Cash at the end of the reporting period		9,136	11,870	9,136	11,870

The above statement should be read in conjunction with the accompanying notes.

SCHEDULE OF commitments

As at 30 June 2003

	Consolidated		HIC	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
BY TYPE				
Other commitments				
Operating leases ¹	108,185	108,273	108,185	108,273
Other commitments	108,383	130,900	108,383	130,818
Total other commitments	216,568	239,173	216,568	239,091
Commitments receivable	(508,904)	(390,356)	(508,904)	(390,348)
Net commitments	(292,336)	(151,183)	(292,336)	(151,257)
BY MATURITY				
Operating lease commitments				
One year or less	37,905	31,550	37,905	31,550
From one to five years	54,387	58,472	54,387	58,472
Over five years	15,893	18,251	15,893	18,251
	108,185	108,273	108,185	108,273
Net commitments				
One year or less	(409,674)	(297,135)	(409,674)	(297,209)
From one to five years	100,661	129,360	100,661	129,360
Over five years	16,677	16,592	16,677	16,592
	(292,336)	(151,183)	(292,336)	(151,257)

NB: Commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non-cancellable and comprise:

Nature of lease

General description of leasing arrangement

Leases for office accommodation

Leases for office accommodation are for Medicare offices and State and National offices.

Lease payments are subject to annual increases in accordance with upward movements in the Consumer Price Index, fixed percentage increases and market review.

Leases for motor vehicles

Leases for motor vehicles are usually for 2 years or 40,000 kilometres, whichever occurs first.

Leases for computer equipment

Computer equipment is supplied through an outsourcing arrangement. The contract is for a term of five years with an option for a further two years. The contract commenced in April 2000, and is subject to annual cost of living price adjustments.

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF contingencies

As at 30 June 2003

	Notes	Consolidated		HIC	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Contingent liabilities	12				
Legal fees		200	-	200	-
Claims for damages		-	30	-	30
Total contingent liabilities		200	30	200	30
Contingent assets	12				
Legal claims ¹		50	50	50	50
Net contingent liabilities / (assets)		150	(20)	150	(20)

¹HIC is expecting to succeed in one claim. The estimate of HIC's liability is based on precedent cases.

Details of each class of contingent liabilities and assets, including those not disclosed above because they cannot be quantified or are considered remote, are shown in Note 12: Contingent Liabilities and Assets.

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF administered items

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT			
Non-taxation revenue			
Goods and Services	20.1	16,604,671	15,002,740
Interest	20.2	2,584	4,057
Other	20.3	41,713	45,227
Total revenues administered on behalf of Government		16,648,968	15,052,024
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT			
Grants	21.1	850,302	300,312
Personal benefits	21.2	15,746,858	14,696,471
Suppliers	21.3	53	-
Total expenses administered on behalf of Government		16,597,213	14,996,783

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF administered items (continued)

As at 30 June 2003

	Notes	2003 \$'000	2002 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT			
Financial Assets			
Cash	22.1	22,050	16,195
Receivables	22.2	1,850,949	1,240,859
Total assets administered on behalf of Government		1,872,999	1,257,054
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT			
Personal benefits	23.1	814,204	701,322
Other	23.1	737,051	207,829
Total provisions administered on behalf of Government		1,551,255	909,151
Payables			
Personal benefits	23.2	294,464	328,074
Total payables administered on behalf of Government		294,464	328,074
Total liabilities administered on behalf of Government		1,845,719	1,237,225
Net assets administered on behalf of Government	24	27,280	19,829
Current liabilities		1,357,845	1,237,225
Non-current liabilities		487,874	-
Current assets		1,385,125	1,257,054
Non-current assets		487,874	-

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF administered items (continued)

As at 30 June 2003

	2003 \$'000	2002 \$'000
ADMINISTERED CASH FLOWS		
OPERATING ACTIVITIES		
Cash received		
Rendering of services	15,997,392	15,005,472
Interest	2,584	4,057
Other	42,375	47,932
GST received from ATO	40,987	31,379
Total cash received	16,083,338	15,088,840
Cash used		
Personal benefits	15,667,200	14,724,408
Grants	365,926	307,478
Suppliers	53	-
Cash to Official Public Account	44,304	52,018
Total cash used	16,077,483	15,083,904
Net cash from operating activities	5,855	4,936
Net increase in cash held	5,855	4,936
Cash at the beginning of the reporting period	16,195	11,259
Cash at the end of the reporting period	22,050	16,195

The above schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF administered items

As at 30 June 2003 continued

	2003 \$'000	2002 \$'000
ADMINISTERED COMMITMENTS		
BY TYPE		
Other commitments		
Other commitments ¹	1,196,133	927,526
Total other commitments	1,196,133	927,526
Net administered commitments	1,196,133	927,526
BY MATURITY		
All net commitments		
One year or less	271,133	201,950
From one to five years	925,000	725,576
Net administered commitments	1,196,133	927,526

¹Other commitments as at 30 June 2003 relate to grant payments for the Australian Childhood Immunisation Register, Practice Incentive Program, the General Practice Immunisation Incentive Scheme, the Rural Retention Program, the Australian Childhood Immunisation Register, and Health program grants. Grant payments for the Practice Incentive Program which amount to \$180 million per year are discretionary and have no set termination date.

ADMINISTERED CONTINGENCIES

Administered Contingent liabilities

Disputed claims ¹	2,210	-
Claims for damages	-	180
Total contingent liabilities	2,210	180

Administered Contingent assets

Legal claims	-	1,078
Total contingent assets	-	1,078
Net contingent liabilities (assets)	2,210	(898)

¹The amount represents an estimate of liability based on precedent cases. HIC is defending the claims. Unquantifiable contingencies are disclosed at Note 25: Administered Contingent Liabilities and Assets.

Statement of activities administered on behalf of Government

HIC administers many health-related programs on behalf of the Australian Government including Medicare, the Pharmaceutical Benefits Scheme, the Australian Childhood Immunisation Register and the Australian Organ Donor Register.

The above schedules should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

For the year ended 30 June 2003

NOTE	DESCRIPTION
1	Summary of significant accounting policies
2	Economic dependency
3	Events occurring after reporting date
4	Operating revenues
5	Operating expenses
6	Financial assets
7	Non-financial assets
8	Provisions
9	Payables
10	Equity
11	Cash flow reconciliation
12	Contingent liabilities and assets
13	Remuneration of Commissioners
14	Related party disclosures
15	Remuneration of officers
16	Remuneration of auditors
17	Staffing levels
18	Financial instruments
19	Appropriations
20	Revenues administered on behalf of Government
21	Expenses administered on behalf of Government
22	Assets administered on behalf of Government
23	Liabilities administered on behalf of Government
24	Administered reconciliation table
25	Administered contingent liabilities and assets
26	Administered financial instruments
27	Department of Veterans' Affairs Medical treatment Accounts
28	Act of grace payments and waivers
29	Special public money — compensation
30	Special public money — other
31	Assets held in trust

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements of the Health Insurance Commission (HIC) are required by clause 1(b) of Schedule 1 of the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (*being the Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2003) Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The HIC and Consolidated statements of financial performance and financial position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in HIC and Consolidated statement of financial position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedules of commitments and contingencies (other than unquantifiable or remote contingencies which are reported at Note 12).

Revenues and expenses are recognised in HIC and Consolidated Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered Items

Administered items are distinguished from HIC items in the financial statements by shading. Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for HIC items, except where stated in Note 1.16

1.2 Changes in accounting policies

The accounting policies used in the preparation of these financial statements are consistent with those used in 2001–02, except in respect of the following:

- measurement of certain employee benefits at nominal amounts (refer to Note 1.6);
- the initial revaluation of property plant and equipment on a fair value basis (refer to Note 1.11); and
- the imposition of an impairment test for non-current assets carried at cost (refer to Note 1.11 and 1.12).

1.3 Principles of consolidation

The consolidated financial statements are those of the economic entity, comprising Health Insurance Commission (the parent entity) and HeSA Pty Ltd. The accounts of HeSA Pty Ltd are prepared for the period 1 July 2002 to 30 June 2003 using accounting policies which are consistent with those of HIC. The effects of transactions and balances between the entities are eliminated in full.

1.4 Revenue

The revenues described in this note are revenues relating to the core operating activities of HIC. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. In accordance with an amendment to the Health Insurance Commission Act during the year, all interest earned on HIC funds after 8 September 2002 is retained by HIC.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from goods and services are revenues relating to the core operating activities of HIC and primarily comprise payments to HIC for the delivery of a range of health services. Revenues for these services are recognised to the extent that they have been received or are entitled to be received by HIC at year end.

1.5 Transactions by the Government as owner

Amounts appropriated by the Parliament as equity injections are recognised as 'contributed equity' in accordance with the Finance Minister's Orders.

1.6 Employee benefits

Liabilities

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of their reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by initial application of the revised Accounting Standard AASB 1028 from 1 July 2002. The total financial effect was a net debit to accumulated results of \$0.485 million.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. The provision for long service leave is based on an actuarial review undertaken by the Australian Government Actuary in July 2002. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees per year is less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employee's remuneration, including HIC's employersuperannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2003. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Separation and redundancy

Provision is made for separation and redundancy payments in circumstances where HIC has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Employees of HIC are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and other accumulated benefits funds.

The liability for their superannuation benefits to CSS and PSS is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course. HIC makes employer contributions to the Commonwealth at rates determined by the actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of these employees.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases, under which the lessor effectively retains all such risks and benefits.

HIC has no finance leases.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the lease becomes surplus.

1.8 Cash

HIC cash includes notes and coins held and any deposits held at call with a bank or financial institution.

1.9 Financial instruments

Accounting policies for financial instruments are stated at notes 18 and 26 (for administered).

1.10 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

1.11 Infrastructure, plant and equipment

Asset recognition threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$3,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Infrastructure, plant and equipment are carried at valuation and cost. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value. The change in accounting policy is required by Australian Accounting Standard AASB 1041 — Revaluation of Non Current Assets.

Fair and deprival values for each class of assets are determined as shown below:

Asset class	Fair value measured at	Deprival value measured at
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment	Market selling price	Depreciated replacement cost

Under both deprival and fair value, assets which are surplus to requirement are measured at their net realisable value. At 30 June 2003 HIC held no surplus assets. (30 June 2002: \$0).

The financial effect for 2002–03 of this change in accounting policy relates to those assets to be recognised at fair value at 30 June 2003. The financial effect of the change is given by the difference between the carrying amount at 30 June 2002 of these assets and their fair value as at 1 July 2003. The financial effect by class is as follows:

Asset class	Adjustment \$'000	Contra account
Leasehold improvements -	\$6,052	Asset revaluation reserve
Plant and equipment -	\$994	Asset revaluation reserve
Plant and equipment -	\$189	Accumulated results

Total financial effect was a net debit to the asset revaluation reserve of \$7.046 million and a debit to accumulated results of \$0.189 million.

Accounting Standard AAS 6 — Accounting Policies requires, where practicable, presentation of the information that would have been disclosed in the 2001–02 Statements had the new accounting policy always been applied. It is impracticable to present this information.

All revaluation's to date have been independently carried out by the Australian Valuation Office. The next independent revaluation will occur during the financial year ended 30 June 2006.

Recoverable amount test

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in AAS 10 — Recoverable Amount of Non-Current Assets to the assets of authorities when the primary purpose of the asset is not the generation of net cash inflows.

No property plant and equipment assets have been written down to recoverable amount per AAS 10. Accordingly the change in policy has no financial effect.

Depreciation and amortisation

Depreciable plant and equipment assets are written down to their estimated residual value over their estimated useful life to HIC using the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the lease term and the useful life of the improvement.

NOTES TO AND FORMING PART OF THE **financial statements**

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2003	2002
Leasehold improvements	Lesser of the lease term and useful life	Average Lease Term
Plant and equipment	3 to 20 years	3 to 12 years

The aggregate amount of depreciation and amortisation allocated for each class of asset during the reporting period is disclosed in Note 5.3.

1.12 Intangibles

HIC's intangible assets comprise internally-developed software and purchased software. These assets are carried at cost.

From 1 July 2002, Schedule 1 no longer requires the application of the recoverable amount test in Australian Accounting Standard AAS 10 Recoverable Amount of Non-Current Assets to the assets of authorities when the primary purpose of the asset is not the generation of net cash inflows.

However Schedule 1 now requires such assets, if carried on a cost basis, to be assessed for indications of impairment. The carrying amount of impaired assets are written down to the higher of its net market selling price or depreciated replacement cost.

All software assets were assessed for impairment as at 1 July 2002. None were found impaired.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives. Useful lives are as follows:

	2003	2002
Internally developed software	3 to 10 years	3 to 10 years
Purchase software	3 to 10 years	3 to 5 years

1.13 Taxation

HIC is subject to taxes and charges including fringe benefits tax, goods and services tax and payroll tax, but excluding income tax. HIC's subsidiary HeSA Pty Ltd is subject to income tax in addition to the taxes and charges mentioned above.

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.14 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.15 Insurance

HIC has insurance for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.16 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for HIC items, including the application to the greatest extent possible for Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered revenues transferred or transferable to the Official Public Account (OPA) are not reported as administered expenses or payables. These transactions or balances are internal to the Administered entity.

These transfers of cash are reported as administered (operating) cash flows and in the administered reconciliation table in Note 24.

Revenue

All revenues described in this note are revenues relating to the core operating activities performed by HIC on behalf of the Department of Health and Ageing, the Department of Veterans' Affairs, and the Department of Family and Community Services.

Calculation of outstanding claims

The calculation of the amount owing for outstanding claims is based on estimates of the size of the Australian population and estimated drawing rates. The calculation has regard to the historical record of payment patterns for services rendered in each month.

Benefits processed but unpaid

These are benefits that have been processed by HIC but the recipients have not received the monies. This is a result of the timing difference between the processing of the benefit and the payment.

Administered cash

Administered cash includes notes and coins held and any deposits held at call with a bank or financial institution. In view of their materiality, un-presented cheques for benefit payments are reclassified as a liability. These payments, upon their presentation, will be appropriated from the Australian Government through a sweeping arrangement to the administered bank account. The disclosure is consistent to last year's presentation.

Medicare payments

During the financial year, HIC operated a bank account with the ANZ Bank that was used for payment of Medicare and other benefits. On a number of occasions during the year the account fell into debit balance. On all occasions HIC held substantial credit balances in other bank accounts which more than offset the debit balance in the ANZ account.

Since 4 September 2002, section 36(1) of the *Health Insurance Commission Act 1973* (the Act) has authorised HIC to borrow money in certain circumstances. However, since that date, section 36(2) of the Act has prohibited HIC from borrowing money for the purpose of making payments in the course of carrying out Medicare or other functions. Before 4 September 2002, section 36(1) of the Act prohibited any borrowing by HIC.

Accordingly, before 4 September 2002, on occasions that the ANZ bank account had a debit balance, HIC contravened section 36(1) of the Act. After 4 September 2002 HIC contravened section 36(2) of the Act at times that the account had a debit balance.

Given that, on each occasion that the ANZ account fell into debit balance, the aggregate net balance of all accounts maintained by HIC to pay Medicare and other benefits was substantially in credit, there can be no suggestion that HIC was paying Medicare and other benefits from funds other than those given to it by the Commonwealth for that purpose. The contraventions were technical in nature, and were not contraventions of substance.

Administrative processes have since been implemented to ensure a credit balance is maintained in the ANZ bank account at all times.

Grants

HIC administers a number of grant schemes on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied. A commitment is recorded either, when the Government has a binding agreement to make the grants but services have not been performed or criteria satisfied or, for discretionary grants that have no set termination date. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

Department of Veterans' Affairs (DVA)

Payments of medical treatment for veterans are undertaken pursuant to a Memorandum of Understanding with DVA. As a result HIC issues cheques on behalf of DVA.

The amount owing from DVA is the amount outstanding for unrepresented cheques as these funds are not available until cheques are presented for payment.

These transactions are reported separately at note 27 for information purposes and have not been included within the other notes relating to Administered items.

Medical Indemnity

Following the decision on 29 April 2002 by the Boards of United Medical Protection Limited and Australasian Medical Insurance Limited (UMP/AMIL) to seek the appointment of a Provisional Liquidator, the Commonwealth committed to providing an indemnity to the Provisional Liquidator. The terms of the indemnity were set out in a letter from the Minister for Health and Ageing to medical practitioners, dated 1 May 2002 and in the Prime Minister's subsequent press release of 31 May 2002.

The amount of the indemnity was included as a liability in the financial statements of the Department of the Treasury for the year ended 30 June 2002. In the financial year ended 30 June 2003 this liability was transferred to the Department of Health and Ageing.

The Australian Government has implemented legislation (the Medical Indemnity Act 2002) to implement a framework designed to make the medical indemnity market more sustainable and give doctors the certainty they need to continue practising. The legislation provides for medical indemnity payments to be made to Medical Defence Organisations (MDOs). HIC administers this legislation and has included a liability for medical indemnity payments in its financial statements for the year ended 30 June 2003.

NOTES TO AND FORMING PART OF THE **financial statements**

HIC has responsibility for administering the following components of the legislation:

- making payments to participating MDOs for claims made in relation to unfunded incurred but not reported liabilities at 30 June 2002 (the IBNR Scheme);
- funding 50 per cent of the cost of medical indemnity insurance payouts greater than \$2 million, up to the limit of the practitioner's indemnity cover for claim incidents occurring after 1 January 2003 (the High Cost Claims Scheme); and
- the collection of IBNR contributions from participating members of participating MDOs to provide funding for the IBNR scheme (the IBNR Contribution Scheme). As contributions under this scheme will be imposed as a tax, they will be recognised as revenue in the financial year in which they are levied on participating members.

On 1 August 2003, an announcement was made that United Medical Protection Limited (UMP) would participate in the IBNR Scheme. HIC is liable to make payments for UMP's unfunded incurred but not reported liabilities (IBNRs) at 30 June 2002

The IBNR liability relates to claims that will arise for incidents that occurred prior to 30 June 2002, and will include claims that will be settled over a long period.

The amount of this liability, in present value terms, at 30 June 2002 was estimated to be \$460 million by UMP's actuary, and this amount was included in UMP's financial statements for that year. At 30 June 2003, it was estimated that the total present value of the liabilities for IBNR and High Cost Claims was \$501.4 million, and this has been included in HIC's financial statements as an administered expense and liability.

A report prepared by the Australian Government Actuary (AGA) notes that the IBNR estimate is subject to substantial uncertainty, and the true value of the IBNR liability could easily lie in a range of \$350 million to \$600 million. The AGA also notes it is possible that the IBNR liability could also be outside of this range.

Component	\$m
IBNR scheme:	
Reported events and known claims	89.444
Outstanding claims	409.100
Total IBNR scheme	498.544
High cost claims scheme	2.900
Total	501.444

The Department of Health and Ageing has been appropriated funds (\$501.4 million) to offset the total expense and liability, and this revenue is transferred through to HIC. Appropriation revenue and a receivable from the Commonwealth, equal to the amount of the administered expense and liability, are shown in HIC's financial statements.

The Government is currently drafting legislation for the 'Exceptional Claims Scheme' which will fund 100 per cent of the cost of medical indemnity payouts greater than \$15 million for claims notified in the period 1 January to 30 June 2003, and \$20 million for claims notified after 30 June 2003. It is likely that HIC will have responsibility for the administration of this scheme.

2 ECONOMIC DEPENDENCY

General

HIC is a statutory authority of the Commonwealth of Australia. It is dependent on the Commonwealth for the funding of its net operating costs and for the costs of the Government programs that it administers on behalf of the Commonwealth.

Employee entitlements

Since 1998–99, HIC's principal funding mechanism has been an accrual-based Output Pricing Agreement with the Department of Health and Ageing. Under this agreement HIC has received funding for the increase in employee entitlements which has occurred since 1 July 1998.

HIC's employee entitlements as at 30 June 1998 amounted to \$47.483 million. The Government is committed to funding pre-1 July 1998 employee entitlements on an 'emerging cost' basis.

Review of HIC's finances

Further to a request by HIC for additional funding in the 2002–03 Budget process, on 1 May 2002 Senior Ministers decided that no additional funding would be provided at that time but that the Department of Finance and Administration would undertake a review to assess HIC's financial needs and determine whether the current 'purchaser-provider' funding model operating between the Department of Health and Ageing and HIC is the most appropriate mechanism. On 15 May 2002 the Minister for Finance and Administration gave his approval for HIC to budget for a loss of \$37.2 million in 2002–03.

Following the Department of Finance and Administration's Review of HIC's Finances, additional revenue amounting to \$12.3 million was provided to HIC in the 2002–03 Additional Estimates process and the approval to budget for a loss was revised downwards to \$23.2 million.

Additional revenue of \$34.3 million was approved in the 2003–04 Budget process and, as announced in the 2003–04 Commonwealth Budget, an activity-based costing and benchmarking exercise is currently being undertaken to ensure that HIC is able to continue to provide its services at a high level of quality. Any resourcing needs identified as part of this review will be addressed in the context of the 2004–05 Budget process.

3 EVENTS OCCURRING AFTER REPORTING DATE

On 1 August 2003, an announcement was made that the Minister for Health and Ageing had made a determination under the Medical Indemnity Act 2002 (the Act) that United Medical Protection Limited (UMP) would be eligible to receive medical indemnity payments under the IBNR Scheme as defined by the Act. The announcement of the determination confirmed HIC's liability for UMP's unfunded incurred but not reported (IBNR) medical indemnity claims that existed at 30 June 2002. The amount of the liability at 30 June 2003 was \$498.544 million. This amount together with \$2.9 million for the High Cost Claims scheme has been included in HIC's administered financial statements for the year ended 30 June 2003.

	Consolidated		HIC	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
4 OPERATING REVENUES				
4.1 Goods and services				
Rendering of services — related entities				
Department of Health and Ageing	417,174	388,410	417,174	388,410
Department of Veterans' Affairs	16,462	16,336	16,462	16,336
Department of Family and Community Services	8,302	7,901	8,302	7,901
Medibank Private Limited	342	389	342	389
	442,280	413,036	442,280	413,036
Rendering of services — external entities				
WA Government	2,334	1,093	2,334	1,093
Consulting income	3,233	2,623	3,233	2,623
Sale of statistics	433	175	433	175
Other sale of services	1,318	2,110	1,318	3,861
	7,318	6,001	7,318	7,752
Total goods and services	449,598	419,037	449,598	420,788
4.2 Interest Revenue				
Operating bank accounts	1,483	-	1,483	-
4.3 Net foreign exchange gains				
Non-speculative	12	-	12	-
4.4 Other				
Rent and fitout contributions received	2,203	3,088	2,203	3,088
Pathology fees	300	300	300	300
	2,503	3,388	2,503	3,388
5 OPERATING EXPENSES				
5.1 Employee expenses				
Salaries and wages	159,631	144,715	159,631	144,715
Leave and other entitlements	42,687	36,511	42,687	36,511
Superannuation	21,677	9,151	21,677	9,151
Other employee benefits	20,295	20,001	20,295	20,001
Separation and redundancy	1,007	815	1,007	815
Total employee benefits expenses	245,297	211,193	245,297	211,193
Workers compensation premium	745	631	745	631
Total employee expenses	246,042	211,824	246,042	211,824

NOTES TO AND FORMING PART OF THE financial statements

	Consolidated		HIC	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
5.2 Supplier expenses				
Goods from related entities	14,979	14,109	14,979	14,109
Goods from external entities	14,602	23,014	14,602	23,014
Services from related entities	10,455	9,657	10,530	9,657
Services from external entities	114,069	102,442	114,069	104,207
Operating lease rentals ¹	46,759	34,892	46,759	34,892
Total supplier expenses	200,864	184,114	200,939	185,879
¹ These comprise minimum lease payments only.				
5.3 Depreciation and amortisation expenses				
Depreciation of infrastructure, plant and equipment	13,827	11,385	13,753	11,370
Amortisation of intangibles	14,391	9,416	14,268	9,293
Total depreciation and amortisation	28,218	20,801	28,021	20,663
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:				
Leasehold improvements	12,626	9,232	12,626	9,232
Plant and equipment	1,201	2,153	1,127	2,138
Computer software	14,268	9,293	14,268	9,293
Other intangibles	123	123	-	-
Total depreciation and amortisation	28,218	20,801	28,021	20,663
5.4 Write-down of assets				
Bad and doubtful debts expense	216	79	216	79
Total Write-down of assets	216	79	216	79
5.5 Net losses from sale of assets				
Non-financial assets - Infrastructure, plant and equipment:				
Proceeds from disposal	25	27	25	27
Expense from sale	-	(43)	-	(43)
Write-offs	(784)	(2,055)	(784)	(2,055)
Total net losses from disposal of assets	(759)	(2,071)	(759)	(2,071)
Total proceeds from disposal	25	27	25	27
Total value of assets disposed	(784)	(2,098)	(784)	(2,098)
Total net losses from disposal of assets	(759)	(2,071)	(759)	(2,071)
5.6 Net foreign exchange losses				
Non-speculative	-	56	-	56

NOTES TO AND FORMING PART OF THE financial statements

	Consolidated		HIC	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
6 FINANCIAL ASSETS				
6.1 Receivables				
Goods and services	6,149	8,717	6,462	9,261
Less: Provision for doubtful debts	(223)	(799)	(223)	(799)
	5,926	7,918	6,239	8,462
GST receivable	2,937	2,251	2,937	2,251
Total receivables (net)	8,863	10,169	9,176	10,713
All receivables are current assets.				
Receivables (gross) are aged as follows:				
Not overdue	6,781	6,887	7,094	7,431
Overdue by:				
Less than 30 days	526	1,224	526	1,224
30 to 60 days	662	1,269	662	1,269
60 to 90 days	619	269	619	269
More than 90 days	498	1,319	498	1,319
Total receivables (gross)	9,086	10,968	9,399	11,512
The provision for doubtful debts is aged as follows:				
More than 90 days	223	799	223	799
Total provision for doubtful debts	223	799	223	799
6.2 INVESTMENT				
Shares in subsidiary company	-	-	247	-
HeSA Pty Ltd was incorporated in Australia on 1 February 2000, with paid-up capital of \$99. HeSA Pty Ltd is a wholly owned subsidiary of HIC.				

NOTES TO AND FORMING PART OF THE financial statements

	Consolidated		HIC	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
7 NON-FINANCIAL ASSETS				
7.1 Infrastructure, plant and equipment				
Leasehold improvements				
- at cost	9,823	27,954	9,823	27,954
Accumulated amortisation	(1,484)	(7,706)	(1,484)	(7,706)
	8,339	20,248	8,339	20,248
- at 1 July 1999 valuation (deprival)	-	30,654	-	30,654
Accumulated amortisation	-	(19,022)	-	(19,022)
	-	11,632	-	11,632
- at 1 July 2002 valuation (fair value)	60,735	-	60,735	-
Accumulated amortisation	(41,836)	-	(41,836)	-
	18,899	-	18,899	-
Plant and equipment				
- at cost	554	10,217	275	10,071
Accumulated depreciation	(110)	(3,510)	(20)	(3,495)
	444	6,707	255	6,576
- at 1 July 1999 valuation (deprival)	-	2,300	-	2,300
Accumulated depreciation	-	(1,482)	-	(1,482)
	-	818	-	818
- at 1 July 2002 valuation (fair value)	6,788	-	6,788	-
Accumulated depreciation	(3,742)	-	(3,742)	-
	3,046	-	3,046	-
Work in progress	921	20	921	20
Total infrastructure, plant and equipment (non current)	31,649	39,425	31,460	39,294
All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2002–03, the revaluations were conducted by an independent valuer, the Australian Valuation Office.				
Movement in asset revaluation reserve				
Decrement for leasehold improvements	6,052	-	6,052	-
Decrement for plant and equipment	994	-	994	-
	7,046	-	7,046	-

NOTES TO AND FORMING PART OF THE **financial statements**

	Consolidated		HIC	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
7.2 Intangibles				
Computer software				
Internally developed in use	94,929	47,659	94,929	47,659
Accumulated amortisation	(37,290)	(24,306)	(37,290)	(24,306)
	57,639	23,353	57,639	23,353
Purchased computer software	5,404	1,698	5,404	1,698
Accumulated amortisation	(2,407)	(1,123)	(2,407)	(1,123)
	2,997	575	2,997	575
Other				
Other intangibles – at cost	370	370	-	-
Accumulated amortisation	(246)	(123)	-	-
	124	247	-	-
Work in progress	19,960	33,748	19,960	33,748
Total intangibles	80,720	57,923	80,596	57,676

7.3 Analysis of infrastructure, plant, equipment and intangibles
TABLE A – Reconciliation of the opening and closing balances of infrastructure, plant and equipment and computer software (CONSOLIDATED)

Item	leasehold improvements		other infrastructure, plant & equipment	computer software	TOTAL
	\$'000		\$'000	\$'000	\$'000
As at 1 July 2002					
Gross book value	58,608		12,537	83,475	154,620
Accumulated depreciation/amortisation	(26,728)		(4,992)	(25,552)	(57,272)
Net book value	31,880		7,545	57,923	97,348
Additions					
By purchase	11,836		413	39,010	51,259
Net revaluation increment/decrement	(6,052)		(1,183)	-	(7,235)
Depreciation/amortisation expense	(12,626)		(1,201)	(14,391)	(28,218)
Other movements					
Transfers ¹	3,533		(1,711)	(1,822)	-
Other disposals	(412)		(372)	-	(784)
As at 30 June 2003					
Gross book value	71,480	7,342	120,664	199,486	
Accumulated depreciation/amortisation	(43,321)	(3,852)	(39,944)	(87,117)	
Net book value	28,159		3,490	80,720	112,369

¹ These movements represent reclassification of assets between classes.

7.3 Analysis of infrastructure, plant, equipment and intangibles (continued)
TABLE A2 – Reconciliation of the opening and closing balances of infrastructure, plant and equipment and computer software (HIC)

Item	leasehold improvements	other infrastructure, plant & equipment	computer software	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2002				
Gross book value	58,608	12,391	83,105	154,104
Accumulated depreciation/amortisation	(26,728)	(4,977)	(25,429)	(57,134)
Net book value	31,880	7,414	57,676	96,970
Additions				
By purchase	11,836	280	39,010	51,126
Net revaluation increment/decrement	(6,052)	(1,183)	-	(7,235)
Depreciation/amortisation expense	(12,626)	(1,127)	(14,268)	(28,021)
Other movements				
Transfers ¹	3,533	(1,711)	(1,822)	-
Other disposals	(412)	(372)		(784)
As at 30 June 2003				
Gross book value	71,480	7,063	120,294	198,837
Accumulated depreciation/amortisation	(43,321)	(3,762)	(39,698)	(86,781)
Net book value	28,159	3,301	80,596	112,056

¹ These movements represent reclassification of assets between classes.

7.3 Analysis of infrastructure, plant, equipment and intangibles (continued)
TABLE B - Assets at valuation (CONSOLIDATED)

As at 30 June 2003				
Gross value	60,735	6,788	-	67,523
Accumulated depreciation/amortisation	(41,836)	(3,742)	-	(45,578)
Net book value	18,899	3,046	-	21,945
As at 30 June 2002				
Gross value	30,654	2,300	-	32,954
Accumulated depreciation/amortisation	(19,022)	(1,482)	-	(20,504)
Net book value	11,632	818	-	12,450

TABLE C - Assets under construction (CONSOLIDATED)

Gross value as at 30 June 2003	921	-	19,960	20,881
Gross value as a 30 June 2002	20	-	33,748	33,768

NOTES TO AND FORMING PART OF THE **financial statements**

	Consolidated		HIC	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
7.4 Other non-financial assets				
Prepayments	20,193	18,623	20,193	18,580
8 EMPLOYEE PROVISIONS				
Employees				
Salaries and wages	9,784	7,862	9,784	7,862
Superannuation	720	202	720	202
Leave	57,554	51,753	57,554	51,753
Separation and Redundancy	71	556	71	556
Aggregate employee entitlement liability and on costs	68,129	60,373	68,129	60,373
Current	32,763	29,058	32,763	29,058
Non-current	35,366	31,315	35,366	31,315
	68,129	60,373	68,129	60,373
9 PAYABLES				
9.1 Supplier payables				
Trade creditors	31,611	36,064	31,611	36,064
Operating lease rentals	-	390	-	390
Total supplier payables	31,611	36,454	31,611	36,454
All supplier payables are current.				
9.2 Other				
Unearned income	3,395	1,895	3,395	1,895

10 ANALYSIS OF EQUITY (consolidated)

Item	Accumulated results		Statutory funds		Asset revaluation reserve		Total contributed equity		TOTAL EQUITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Opening balance as at 1 July	(35,050)	(38,530)	-	-	17,739	17,739	61,474	55,166	44,163	34,375
Net surplus/(deficit)	(22,503)	3,480	-	-	-	-	-	-	(22,503)	3,480
Net revaluation increment/(decrement)	-	-	-	-	(7,046)	-	-	-	(7,046)	-
Decrease in accumulated results on application of transitional provisions in accounting standard AASB 1041	(189)	-	-	-	-	-	-	-	(189)	-
Revaluation of Non-Current Assets	(485)	-	-	-	-	-	-	-	(485)	-
Decrease in accumulated results on application of accounting standard AASB 1028 — Employee benefits	(485)	-	-	-	-	-	-	-	(485)	-
Transactions with owner:										
Contributions by owner:										
Appropriations (equity injections)	-	-	-	-	-	-	38,501	6,308	38,501	6,308
Closing balance as at 30 June	(58,228)	(35,050)	-	-	10,693	17,739	99,975	61,474	52,440	44,163
Total equity attributable to the Commonwealth	(58,228)	(35,050)	-	-	10,693	17,739	99,975	61,474	52,440	44,163

10 ANALYSIS OF EQUITY (HIC)

Item	Accumulated results		Statutory funds		Asset revaluation reserve		Total contributed equity		TOTAL EQUITY	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July	(34,926)	(38,530)	-	-	17,739	17,739	61,474	55,166	44,287	34,375
Net surplus/deficit	(22,381)	3,604	-	-	-	-	-	-	(22,381)	3,604
Net revaluation increment/(decrement)	-	-	-	-	(7,046)	-	-	-	(7,046)	-
Decrease in accumulated results on application of transitional provisions in accounting standard AASB 1041										
Revaluation of Non-Current Assets	(189)	-	-	-	-	-	-	-	(189)	-
Decrease in accumulated results on application of accounting standard AASB 1028 — Employee Benefits	(485)	-	-	-	-	-	-	-	(485)	-
Transactions with owner:										
Contributions by owner:										
Appropriations (equity injections)	-	-	-	-	-	-	38,501	6,308	38,501	6,308
Closing balance as at 30 June	(57,981)	(34,926)	-	-	10,693	17,739	99,975	61,474	52,687	44,287
Total equity attributable to the Commonwealth	(57,981)	(34,926)	-	-	10,693	17,739	99,975	61,474	52,687	44,287

	Consolidated		HIC	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
11 CASH FLOW RECONCILIATION				
Reconciliation of net operating surplus to net cash provided by operating activities				
Operating deficit before extraordinary items	(22,503)	3,480	(22,381)	3,604
Non-cash items				
Depreciation and amortisation of infrastructure, plant and equipment	13,827	11,385	13,753	11,370
Amortisation of intangibles	14,391	9,416	14,268	9,293
Loss on sale of infrastructure, plant and equipment	759	16	759	16
Write-off of non-financial assets	-	2,055	-	2,055
Change in assets & liabilities				
(Increase)/decrease in receivables	1,306	(1,982)	1,350	(1,966)
(Increase)/decrease in other assets	(1,709)	2,967	(1,751)	3,010
Increase/(decrease) in provisions and payables	3,928	(2,828)	3,928	(2,828)
Net cash from operating activities	9,999	24,509	9,926	24,554

12 CONTINGENT LIABILITIES AND ASSETS

QUANTIFIABLE CONTINGENCIES

CONTINGENT LIABILITIES

Legal fees	200	-	200	-
Claims for damages	-	30	-	30
Total contingent liabilities	200	30	200	

CONTINGENT ASSETS

Legal claims ¹	50	50	50	50
Net contingent liabilities	150	(20)	150	(20)

¹ HIC is expecting to succeed in one claim. The estimate of HIC's liability is based on precedent cases.

REMOTE CONTINGENCIES

HIC has provided a letter of comfort to the Department of Finance, to the effect that whilst HIC remains the beneficial owner of all of the issued shares in HeSA Pty Ltd, HIC will ensure that HeSA continues to have sufficient financial means to enable it to satisfy its obligations under any contract involving the payment or receipt of an amount not exceeding \$10 million.

GUARANTEES

HIC's subsidiary, HeSA Pty Ltd, has issued approximately 5,250 digital certificates for use in electronic transactions. HeSA may be liable for losses, up to a maximum amount of \$5,000 per certificate, due to any failure of security provided by the certificate. The directors of HeSA consider the possibility of this occurring to be minimal.

INDEMNITIES

An indemnity has been provided by HIC's subsidiary company, HeSA Pty Ltd, to directors, officers, and employees against liability for an act or omission in the capacity of director, officer, or employee of the company.

HIC has entered into property leases which require HIC to return the premises to their original state at commencement of the lease.

13 COMMISSIONER REMUNERATION

The number of Commissioners of HIC included in these figures are shown below in the relevant remuneration bands

Remuneration	2003	2002
Less than \$ 9,999	2	3
\$10,000 to \$19,999	1	3
\$20,000 to \$29,999	1	2
\$30,000 to \$39,999	4	2
\$60,000 to \$69,999	1	1
\$70,000 to \$79,999	1	0
\$230,000 to \$239,999	1	0
\$270,000 to \$279,999	0	1
Total	11	12
	\$	\$
Aggregate amount of superannuation payments in connection with the retirement of Commissioners.	34,398	21,227
Other remuneration received or due and receivable by Commissioners of HIC.	537,122	498,261
Total remuneration received or due and receivable by Commissioners of HIC.	\$571,520	\$519,488

Remuneration of the Managing Director and Acting Managing Director for the periods of their appointment are included in Note 13.

The directors of HeSA Pty Ltd are appointed from the HIC board and senior executive. The officers receive no additional remuneration for these duties. The total remuneration of these officers is \$523,301 (2001-02: \$558,555). This amount is included in Note 13 and 15.

14 RELATED PARTIES

Commissioners

The Commissioners of HIC during the financial year were:

Mr Peter Bunting, LLB, FCA – Chairman (reappointed 23 December 2002)

Mr James Kelaher, BA, MBA, FCPA, MAICD – acting Managing Director (appointed 10 March 2003)

Dr Jeffrey Harmer, BA (Hons), Dip Ed, PhD, FAIM – Managing Director (resigned 10 March 2003)

Mr Colin Johns, OAM, AUA, FAIPM

Dr Bryce Phillips, AO, MBBS, FAMA

Sister Maria Cunningham, FCNA, MAICD

Mr Robert Collins, BSc, FAICD, FAIM

Mr Ian Fletcher, BA, FAIM, MAICD, CMAHRI, JP (term expired 10 November 2002)

Mr Ron Harris (reappointed on 11 November 2002, resigned 3 March 2003)

Dr Sally Warneford, BSc (Hons), PhD (reappointed 11 November 2002)

Ms Jane Halton, BA (Hons), FAIM, PSM (reappointed on 11 November 2002)

Transactions with Commissioners

Payments to Commissioners in their capacity as Commissioners are disclosed in Note 13. No payments have been made to Commissioners in their private capacities apart from those made in the normal course of HIC's business and in accordance with the specified terms and conditions applying to the programs administered by HIC.

Transactions with entities in the wholly-owned group

HeSA Pty Ltd is a wholly owned subsidiary of HIC that has been established to operate as a registration authority to provide registration services to applicants requiring digital certificates for use in electronic transactions with HIC.

The company has been granted use of Public Key Infrastructure developed by HIC. HeSA provides services to HIC which include the processing of registrations for the issue of digital certificates on behalf of clients of HIC. The company has been established to encourage the take up of the use of the eBusiness initiatives being developed in HIC.

15 REMUNERATION OF OFFICERS

The number of managers who received or were due to receive total remuneration of \$100,000 or more:

	Consolidated		HIC	
	2003	2002	2003	2002
\$100,000 - \$109,999	1	8	1	8
\$110,000 - \$119,999	4	8	4	8
\$120,000 - \$129,999	4	7	4	7
\$130,000 - \$139,999	16	11	16	11
\$140,000 - \$149,999	17	8	17	8
\$150,000 - \$159,999	9	7	9	7
\$160,000 - \$169,999	8	5	8	5
\$170,000 - \$179,999	4	2	4	2
\$180,000 - \$189,999	4	5	4	5
\$190,000 - \$199,999	3	0	3	0
\$210,000 - \$219,999	2	0	2	0
\$230,000 - \$239,999	0	1	0	1
\$250,000 - \$259,999	1	0	1	0
\$270,000 - \$279,999	1	0	1	0
\$290,000 - \$299,999	0	1	0	1
\$300,000 - \$309,999	0	1	0	1
Total	74	64	74	64

	\$	\$	\$	\$
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The aggregate amount of total remuneration of officers shown above:	11,393,030	9,262,297	11,393,030	9,262,297
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The aggregate amount of separation and redundancy payments during the year to officers shown above:	7,960	576,711	7,960	576,711
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Officers remuneration includes remuneration for all officers concerned with or taking part in the management of the economic entity except the Commissioners and Managing Director. Details in relation to the Commissioners and Managing Director have been incorporated into Note 13. The Acting Managing Director's total remuneration is included in Note 15. Remuneration received by the Acting Managing Director from period of appointment as a Commissioner is incorporated at Note 13.

	Consolidated		HIC	
	2003 \$	2002 \$	2003 \$	2002 \$
16 REMUNERATION OF AUDITORS				
Remuneration to the Auditor-General for auditing the financial statements for the reporting period	254,545	250,000	254,545	250,000

No other services were provided by the Auditor-General during the reporting period.

17 STAFFING LEVELS

	Consolidated		HIC	
	2003	2002	2003	2002
Number of employees at reporting date for the consolidated entity and HIC were:	4,270	4,009	4,270	4,009
The average staffing levels for the consolidated entity and HIC during the year were:	4,124	3,979	4,124	3,979

18a FINANCIAL INSTRUMENTS (CONSOLIDATED ONLY)

Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criterion and measurement basis).	Nature of underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows).
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	11	Deposits are recognised at their nominal amounts. Interest is credited as revenue as it accrues.	Temporarily surplus funds are placed on deposit at call with HIC's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables	6.1	Receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are 30 days (2002: 30 days).
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Suppliers	9.1	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

18b FINANCIAL INSTRUMENTS (CONSOLIDATED ONLY)

Interest rate risk (consolidated only)									
Financial instrument	Notes	Floating interest rate		Non-interest bearing		Total		Weighted average effective interest rate	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Financial assets									
Cash		9,136	11,870	-	-	9,136	11,870	4.15%	3.80%
Receivables	6.1	-	-	5,926	7,918	5,926	7,918	n/a	n/a
Accrued revenue		-	-	5,014	4,875	5,014	4,875	n/a	n/a
Total		9,136	11,870	10,940	12,793	20,076	24,663		
Total assets						155,575	142,885		
Financial liabilities									
Suppliers	9.1	-	-	31,611	36,454	31,611	36,454	n/a	n/a
Total				31,611	36,454	31,611	36,454		
Total liabilities						103,135	98,722		

18c FINANCIAL INSTRUMENTS (cont.)

Net Fair values of financial assets and liabilities (consolidated only)

Notes	2003		2002	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Financial assets				
Cash	9,136	9,136	11,870	11,870
Receivables 6.1	5,926	5,926	7,918	7,918
Accrued revenue	5,014	5,014	4,875	4,875
Total	20,076	20,076[#]	24,663	24,663
Financial liabilities				
Suppliers 9.1	31,611	31,611	36,454	36,454
Total	31,611	31,611	36,454	36,454

Financial assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair values for trade creditors, which are short-term in nature, are approximated by their carrying amounts.

18d FINANCIAL INSTRUMENTS (cont.)

Credit risk exposure

HIC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

HIC has no significant exposures to any concentrations of credit risk.

19 APPROPRIATIONS

	2003 \$'000	Equity 2002 \$'000
Year ended 30 June 2003		
Balance carried forward from previous year	-	-
Appropriations (equity injections)	38,501	6,308
Payments made out of CRF	38,501	6,308
Balance carried forward to next year	-	-
Represented by:		
Appropriations receivable	-	-

This table reports on appropriations made by the Parliament of the Consolidated Revenue Fund (CRF) in respect of HIC. When received by HIC, the payments made are legally the money of HIC and do not represent any balance remaining in the CRF.

NOTES TO AND FORMING PART OF THE **financial statements**

	2003	2002
	\$'000	\$'000
20 REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT		
NON - TAXATION REVENUE		
20.1 Goods and services		
Rendering of services - related entities		
Revenue from Department of Health and Ageing		
Benefits	8,198,209	7,970,385
Pharmaceutical Benefits Scheme	4,825,180	4,371,851
Private Health 30% Rebate	2,156,112	1,982,948
Grants	497,447	305,305
Medical Indemnity	501,444	-
	16,178,392	14,630,489
Revenue from Department of Family and Community Services		
Benefits	20	135
Revenue from Department of Veterans' Affairs		
DVA radiation oncology	1,785	-
Pharmaceutical Benefits Scheme — Repatriation	424,474	372,116
	426,259	372,116
Total goods and services	16,604,671	15,002,740
20.2 Interest		
Deposits	2,584	4,057
20.3 Other revenue		
Recoveries of compensable benefits	38,069	42,147
Other	3,589	3,052
Vietnam veterans childrens scheme	55	28
Total other revenue	41,713	45,227
Total revenues administered on behalf of the Government	16,648,968	15,052,024

NOTES TO AND FORMING PART OF THE **financial statements**

	2003 \$'000	2002 \$'000
21 EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT		
21.1 Grants to private sector organisations		
Practice Incentive Program	244,056	205,523
Medical Indemnity	501,444	-
General Practice Immunisation Incentive Scheme	36,975	37,358
Rural Retention Program	17,973	22,864
Rural Registrar Incentive Payment Scheme	5,463	3,789
Australian Childhood Immunisation Register	8,059	7,803
Health program grants	12,985	12,141
	826,955	289,478
Grants to non-profit institutions		
Health program grants	23,347	10,834
Total Grants	850,302	300,312
21.2 Personal benefits		
Medicare benefits	8,174,548	7,831,977
Pharmaceutical Benefits Scheme	4,783,927	4,333,144
Private Health 30% Rebate	2,166,284	1,977,586
Pharmaceutical Benefits Scheme — Repatriation	427,700	373,259
Hearing services	153,632	143,240
Community pharmacy initiatives	40,070	37,233
Rural HECS Reimbursement Scheme	460	-
Balimed benefits	182	-
Vietnam veterans' children scheme	55	28
Childcare benefits	-	4
Total personal benefits	15,746,858	14,696,471
21.3 Suppliers		
Others	53	-
Total expenses administered on behalf of the Government	16,597,213	14,996,783

NOTES TO AND FORMING PART OF THE **financial statements**

	2003	2002
	\$'000	\$'000
22 ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT		
22.1 Cash	22,050	16,195
22.2 Receivables		
Recovery of benefit payments	4,164	1,388
Receivables from Commonwealth	1,844,205	1,236,926
Other	1,544	1,905
GST Receivable	1,885	1,188
	1,851,798	1,241,407
Less: provision for doubtful debts	(849)	(548)
Total Receivables (net)	1,850,949	1,240,859
Receivable (gross) are aged as follows:		
Not overdue	1,846,225	1,240,042
Overdue by:		
Less than 30 days	1,023	62
30 to 60 days	1,380	36
60 to 90 days	201	4
More than 90 days	2,969	1,263
Total receivable (gross)	1,851,798	1,241,407
Provision for doubtful debts are aged as follows:		
Not overdue	253	163
Overdue by:		
30 to 60 days	63	41
More than 90 days	533	344
Total provision for doubtful debts	849	548
Total assets administered on behalf of the Government	1,872,999	1,257,054

NOTES TO AND FORMING PART OF THE **financial statements**

	2003	2002
	\$'000	\$'000
23 LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT		
23.1 Provisions		
Provision for outstanding claims	814,204	701,322
Others	198,965	182,047
Grants	538,086	25,782
Total	1,551,255	909,151
23.2 Payables		
Personal benefits		
Unpresented cheque	192,920	207,570
Benefits processed but unpaid	101,544	120,504
Total	294,464	328,074
Total liabilities administered on behalf of the Government	1,845,719	1,237,225

	2003	2002
	\$000	\$000
24 ADMINISTERED RECONCILIATION TABLE		
Administered assets less administered liabilities as at 1 July	19,829	16,664
Plus Administered revenues	20 16,648,968	15,051,966
Less Administered expenses	21 (16,597,213)	(14,996,783)
Administered transfers to/from Government:		
Transfers to OPA	(44,304)	(52,018)
Administered assets less administered liabilities as at 30 June	27,280	19,829

25 ADMINISTERED CONTINGENT LIABILITIES AND ASSETS

Quantifiable administered contingencies

Quantifiable administered contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Unquantifiable administered contingencies

As at 30 June 2003, HIC had a number of legal claims against it and was seeking recovery for the overpayment of benefits paid under Medicare, the Pharmaceutical Benefits Scheme, and the 30% Rebate scheme for private health insurance. It is not possible to estimate the amounts of any eventual payments or receipts which may be required in relation to these claims. HIC has procedures in place to identify and recover benefit overpayments.

26a ADMINISTERED FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies			
Financial instrument	Notes	Accounting policies and methods (including recognition criterion and measurement basis).	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows).
Financial assets			
Cash	22.1	Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured. Deposits are recognised at their nominal amounts.	The balance of the administered cash account is non-interest bearing.
Recovery of benefit payments	22.2	Recovery of benefit payments are recognised at the actual amount paid less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are 30 days (2001–02: 30 days).
Receivables from Commonwealth	22.2	Receivables from Commonwealth are accrued for based on benefits made.	Money will be transferred when corresponding benefit payment is made.
Financial liabilities			
Provisions for outstanding claims	23.1	Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured. The calculation of the amount owing for outstanding claims is based on estimates of the size of the Australian population and estimated drawing rates. The calculation has regard to the historical record of payment patterns for services rendered in each month.	Settlement is usually made net 30 days.
Grants	23.1	Grants are provided for based on estimates of amounts owing, and in the case of amounts owing under the Medical Indemnity schemes, on actuarial advice.	Settlement is made when the terms associated with the grant payment have been satisfied.
Unpresented cheques	23.2	This represents the cheques issued for benefit payments which have been issued to claimants, but not presented at the bank.	When cheque is cleared.
Benefits processed but unpaid	23.2	This represents the outstanding benefits that have been processed by HIC but the cheques have not been issued.	Settlement is usually made net 28 days.

26b ADMINISTERED FINANCIAL INSTRUMENTS

ADMINISTERED FINANCIAL INSTRUMENTS (CONT.)
(b) Interest rate risk

Financial instrument	Notes	Non-interesting bearing		Total	Weighted average effective interest rate		
		2003 \$'000	2002 \$'000		2003 \$'000	2002 %	2003 %
Financial assets							
Cash	22.1	22,050	16,195	22,050	16,195	n/a	n/a
Recovery of benefits	22.2	3,315	840	3,315	840	n/a	n/a
Receivables from Commonwealth	22.2	1,844,205	1,236,926	1,844,205	1,236,926	n/a	n/a
Other	22.2	1,544	1,905	1,544	1,905	n/a	n/a
Total		1,871,114	1,255,866	1,871,114	1,255,866		
TOTAL ASSETS				1,872,999	1,257,054		
Financial liabilities							
Provision for outstanding claims	23.1	814,204	874,924	814,204	874,924	n/a	n/a
Other benefits	23.1	198,965	8,445	198,965	8,445	n/a	n/a
Grants	23.1	538,086	25,782	538,086	25,782	n/a	n/a
Unpresented cheques	23.2	192,920	207,570	192,920	207,570	n/a	n/a
Benefits processed but unpaid	23.2	101,544	120,504	101,544	120,504	n/a	n/a
Total financial liabilities		1,845,719	1,237,225	1,845,719	1,237,225		
TOTAL LIABILITIES				1,845,719	1,237,225		

NOTES TO AND FORMING PART OF THE **financial statements**

For the year ended 30 June 2003

26c ADMINISTERED FINANCIAL INSTRUMENTS

(c) Net fair value of administered financial assets and liabilities

	Notes	2003		2002	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Administered financial assets					
Cash	22.1	22,050	22,050	16,195	16,195
Recovery of benefit payments	22.2	3,315	3,315	840	840
Receivable from Commonwealth	22.2	1,844,205	1,844,205	1,236,926	1,236,926
Other receivables	22.2	1,544	1,544	1,905	1,905
Total financial assets		1,871,114	1,871,114	1,255,866	1,255,866
Financial liabilities (recognised)					
Provision for outstanding claims	23.1	814,204	814,204	874,924	874,924
Other benefits	23.1	198,965	198,965	8,445	8,445
Grants	23.1	538,086	538,086	25,782	25,782
Unpresented cheques	23.2	192,920	192,920	207,570	207,570
Benefits processed but unpaid	23.2	101,544	101,544	120,504	120,504
Total financial liabilities (recognised)		1,845,719	1,845,719	1,237,225	1,237,225

Financial assets

The Net fair values of cash and non-interest-bearing financial assets approximate their carrying amounts.

Financial liabilities

The net fair values of unrecognised guarantees and indemnities are substantially below the Government's maximum exposure, because the likelihood that they will be called upon has been assessed as remote.

The net fair values for trade creditors and grant liabilities are short term in nature, are approximated by their carrying amounts.

NOTES TO AND FORMING PART OF THE **financial statements**

For the year ended 30 June 2003

27 DEPARTMENT OF VETERANS' AFFAIRS (DVA) MEDICAL TREATMENT ACCOUNTS

Payments of medical treatment for veterans are undertaken pursuant to a Memorandum of Understanding with DVA. As a result HIC issues cheques on behalf of DVA.

The following table summarises DVA activity.

	2003	2002
	\$'000	\$'000
Opening funds due from DVA	(43,132)	(48,784)
Funds advanced from DVA	1,602,386	1,517,957
Benefits paid on behalf of DVA	(1,609,887)	(1,512,305)
Closing balance	(50,633)	(43,132)
Closing balance is represented by:		
Unpresented cheques	(50,633)	(43,132)
Funds due from DVA	(50,633)	(43,132)

28 ACT OF GRACE PAYMENTS AND WAIVERS

Act of Grace payments of \$112,429 were made during the reporting period 2002–03 (2001–02: \$17,449) pursuant to subsection 33(1) of the *Financial Management and Accountability Act 1997*.

No debts were waived during the financial year pursuant to sections 18–15 (1) (b) of the *Private Health Insurance Incentives Act 1998* (2001–02: \$15,673,885).

Medicare debts of \$2,216.50 were waived during the financial year (2001–02: \$501). These debt waivers were made pursuant to subsection 34(1) *Financial Management and Accountability Act 1997*.

NOTES TO AND FORMING PART OF THE financial statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
29 SPECIAL PUBLIC MONEY—COMPENSATION		
<i>HIC administers the recovery of compensable medicare and nursing home benefits under the Health and Other Services (Compensation) Act 1995.</i>		
These funds are not available for other purposes of HIC		
Balance carried forward from last year	44,148	35,362
Receipts during the year	513,301	317,445
Available for payment	557,449	352,807
Payments made:		
Recovery of compensable benefits paid to Official Public Account (OPA)	(38,069)	(42,147)
Returns to claimants	(481,200)	(266,512)
Balance carried forward to next year	38,180	44,148
30 SPECIAL PUBLIC MONEY—OTHER		
HIC is holding an amount of special public money subject to determination.		
Balance carried forward from last year	160	-
Receipts during the year	-	160
Available for payment	160	160
Payments made	-	-
Balance carried forward to next year	160	160
31 ASSETS HELD IN TRUST		
Comcare trust account		
<i>Purpose - moneys held in trust and advanced to HIC by COMCARE for the purpose of distributing compensation payments made in accordance with the Safety Rehabilitation and Compensation Act 1998.</i>		
Balance carried forward from last year	128	2
Receipts during the year	978	777
Available for payment	1,106	779
Payments made	(754)	(651)
Balance carried forward to next year	352	128