

AUSTRALIAN CAPITAL TERRITORY INSURANCE AUTHORITY

Objectives

The ACT Insurance Authority was established as a statutory authority under the *ACT Insurance Corporation Act 2000*. The Authority commenced operation on 1 April 2001. The Authority operates a centrally managed fund to cover the insurable risks of Territory agencies. This function has been previously provided by the Superannuation and Investment Provision Unit (SIPU).

The objectives of the Authority are to enable the Territory to meet the cost of its insurable claims and losses in an orderly, timely and cost effective manner; to ensure the costs are fully reflected in the Territory's accounts; to protect the budget from the risk of very large claims; and to aid and improve risk management practices in all agencies.

2001-02 Highlights

Strategic and operational issues to be pursued in 2001-02 include:

- finalising the implementation of the electronic claims reporting and data analysis system to provide an integrated claims management process and to ensure that accurate information is available for the Authority's management, clients and insurers;
- providing training and assistance to agencies in the analysis of their operations and assets to improve risk assessment and management;
- reviewing existing claims to ensure that appropriate management is being applied to claims, that realistic estimates of costs are included in the accounts and that risk management measures are implemented to reduce the chance of similar claims occurring;
- undertaking reviews of arrangements between agencies and external bodies to ensure the appropriate level of risk is transferred to contractors, as well as to provide advice on new contracts;
- managing the collection of Comcare premiums from agencies and payment of the Territory's premium to Comcare; and
- managing possible risks associated with visiting medical officers in the Territory.

**ACT Insurance Authority
Statement Of Financial Performance**

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
	Revenue						
14 200	User Charges - ACT Government	3 454	16 817	387	17 237	17 668	18 110
1 417	Interest	879	2 538	189	3 422	4 544	5 120
20 567	Other Revenue	5 654	24 295	330	24 847	25 468	26 105
36 184	Total Ordinary Revenue	9 987	43 650	337	45 506	47 680	49 335
	Expenses						
106	Employee Expenses	57	319	460	326	335	343
18	Superannuation Expenses	4	43	975	44	45	46
408	Administrative Expenses	105	432	311	444	454	466
29 962	Other Expenses	7 738	40 334	421	41 849	43 402	44 994
30 494	Total Ordinary Expenses	7 904	41 128	420	42 663	44 236	45 849
5 690	Operating Result	2 083	2 522	21	2 843	3 444	3 486
0	Total Equity From Start of Period	0	11 948	#	14 470	17 313	20 757
7 838	Inc/Dec in Net Assets from Admin Restructure	9 865	0	-100	0	0	0
13 528	Total Equity At The End of Period	11 948	14 470	21	17 313	20 757	24 243

**ACT Insurance Authority
Statement Of Financial Position**

Budget as at 30/6/01 \$'000		Est.Outcome as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Var %	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000	Planned as at 30/6/05 \$'000
	Current Assets						
45	Receivables	856	856	-	856	856	856
33 399	Investments	34 908	46 450	33	58 318	70 783	83 290
33 444	Total Current Assets	35 764	47 306	32	59 174	71 639	84 146
33 444	TOTAL ASSETS	35 764	47 306	32	59 174	71 639	84 146
	Current Liabilities						
5 719	Creditors	4 712	5 557	18	6 423	7 311	8 211
15	Employee Entitlements	12	28	133	45	61	77
5 734	Total Current Liabilities	4 724	5 585	18	6 468	7 372	8 288
	Non Current Liabilities						
14 128	Creditors	19 036	27 191	43	35 325	43 437	51 537
0	Employee Entitlements	56	60	7	68	73	78
54	Other Provisions	0	0	-	0	0	0
14 182	Total Non Current Liabilities	19 092	27 251	43	35 393	43 510	51 615
19 916	TOTAL LIABILITIES	23 816	32 836	38	41 861	50 882	59 903
13 528	NET ASSETS	11 948	14 470	21	17 313	20 757	24 243
	REPRESENTED BY FUNDS EMPLOYED						
13 528	Accumulated Funds	11 948	14 470	21	17 313	20 757	24 243
13 528	TOTAL FUNDS EMPLOYED	11 948	14 470	21	17 313	20 757	24 243

ACT Insurance Authority Cashflow Statement

2000-01 Budget \$'000		2000-01 Est.Outcome \$'000	2001-02 Budget \$'000	Var %	2002-03 Estimate \$'000	2003-04 Estimate \$'000	2004-05 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts							
14 200	User Charges	0	17 694	#	18 119	18 546	18 988
1 417	Interest Received	896	2 538	183	3 422	4 544	5 120
22 697	Other Revenue	355	30 095	#	30 647	31 268	31 905
38 314	Operating Receipts	1 251	50 327	#	52 188	54 358	56 013
Payments							
124	Related to Employees	61	340	457	348	358	367
408	Related to Administration	106	432	308	444	454	466
27 292	Other	369	38 013	#	39 528	41 081	42 673
27 824	Operating Payments	536	38 785	#	40 320	41 893	43 506
10 490	NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	715	11 542	#	11 868	12 465	12 507
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
10 490	Purchase of Investments	715	11 542	#	11 868	12 465	12 507
10 490	Investing Payments	715	11 542	#	11 868	12 465	12 507
-10 490	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	-715	-11 542	#	-11 868	-12 465	-12 507
0	NET INCREASE/(DECREASE) IN CASH HELD	0	0	-	0	0	0
0	CASH AT THE END OF THE REPORTING PERIOD	0	0	-	0	0	0

Notes to the Budget Statements

From 1 April 2001, the Authority commenced undertaking the functions previously provided by SIPU. The outcome for 1 July 2000 to 31 March 2001 is reported in the departmental budget statements for SIPU. The 2000-01 Budget anticipated that the new Authority would commence operations effective from 1 July 2000, resulting in significant variations between the 2000-01 estimated outcome and the original budget, and between the estimated outcome and the 2001-02 budget.

The variances between the 2000-01 budget and the estimated outcome, and between the estimated outcome and the 2001-02 budget are related to the fact that the Authority did not commence operations until 1 April 2001. The 2001-02 budget reflects a full year of operations in that year. Comparison between the 2000-01 and 2001-02 budgets only is appropriate.

Statement of Financial Performance

- user charges: the increase of \$2.617m in 2001-02 from the 2000-01 original budget is principally related to an increase in health related insurance premiums;
- other revenue: the increase of \$3.728m in 2001-02 from the 2000-01 original budget is mainly related to an anticipated increase in workers' compensation premium collections and the inclusion of insurance premiums from visiting medical officers who choose to join the Territory's arrangements for medical insurance;
- employee expenses: the increase of \$0.213m in 2001-02 from the 2000-01 original budget is a result of permanent filling of vacant positions, one additional position being created and an anticipated increase in salaries; and
- other expenses: the increase of \$10.372m in 2001-02 from the 2000-01 original budget is a result of an anticipated increase in workers' compensation premiums; an expected increase in external insurance premiums to protect the Authority's funds from very large claims; the purchase of insurance cover for the private work of visiting medical officers; and an increase in the expected cost of claims, reflecting the greater exposure to risk particularly in the health field.

Statement of Financial Position

- investments: the increase of \$13.051m in 2001-02 from the 2000-01 original budget is a result of the increase in revenues collected and the greater allocation of claims expense to cover liabilities. As public liability claims can take a number of years to be paid, these funds can be set aside for investment purposes; and
- non current creditors: the increase of \$13.063m in 2001-02 from the 2000-01 original budget is a reflection of the increased exposure to risk, mainly from health claims generally and the anticipated inclusion of the potential risk to visiting medical officers who work within the ACT health system.

Cash Flow Statement

- user charges: the increase of \$3.494m in 2001-02 from the 2000-01 original budget is mainly a result of an increase in health related insurance premiums;
- other revenue: the increase of \$7.398m in 2001-02 from the 2000-01 original budget is related to an anticipated increase in workers' compensation premium collections and the inclusion of insurance premiums from visiting medical officers who choose to join the Territory's arrangements for medical insurance; and
- other expenses: the increase of \$10.721m in 2001-02 from the 2000-01 original budget is related to an anticipated increase in workers' compensation premiums; an increase in external insurance premiums to protect the Authority's funds; the purchase of insurance cover for the private work of visiting medical officers; and an increase in the expected cost of claims, particularly in the health field.