



# **CTP Regulator**

## **2019-20 Annual Report**

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To:

Hon. Rob Lucas MLC

Treasurer

This annual report will be presented to Parliament to meet the statutory reporting requirements of *the Compulsory Third Party Insurance Regulation Act 2016*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the CTP Regulator by:

Kim Birch

Chief Executive & CTP Regulator

Date 28/09/2020

Signature



## From the Chief Executive

On 30 June 2020 the South Australian CTP Scheme (scheme) completed its first year of competition.

The opportunity for motorists to choose their CTP Insurer has seen competition based on price, service and approved incentives for the benefit of policy holders and claimants. Almost all motorists found the renewal process easy (95%) and the majority of motorists like the change (59%).

The claimant service rating increased from an average of 70 out of 100 at the start of competition to an average of 79 out of 100 by June 2020, demonstrating an overall improvement in the service reported by claimants since the introduction of the rating.

This year saw the first review of the CTP insurance rating district boundary, resulting in an amendment to the district boundary to ensure fairness in the collection of CTP premiums.

We have all had to adapt to the challenges brought about by the COVID-19 pandemic. I would like to acknowledge my team's success in transitioning to working from home, and continuing to deliver our scheme functions. CTP Insurers have adapted to maintaining services to claimants and policy holders. We are monitoring the impacts of the pandemic on the scheme. This includes monitoring timely access to early intervention and treatment, reimbursement to claimants for out of pocket expenses and expedient claim settlement. There is no evidence to suggest that claimants have been disadvantaged because of the pandemic.

The annual premium setting process for 2020-21 was successfully undertaken remotely as a result of travel restrictions. There is a structured process to monitor adequacy of the premium bands during the year and ability to re-determine the bands if there is significant changes to the risk premium drivers.

The Regulator also commenced an annual insurer based compliance program. While completion was delayed by the impact of COVID-19 restrictions and the ability to conduct onsite reviews, it has been an important addition to the compliance framework, providing me with meaningful insights into CTP insurer performance. The compliance program will be completed in the first quarter of 2020-21.

In my role as Motor Accident Injury Accreditation Scheme (MAIAS) Administrator I oversaw the first re-accreditation of medical experts. The MAIAS also monitored the impacts of COVID-19 resulting in the development of a process to trial telehealth for pure mental harm GEPIC assessments in the 2020-21 financial year.

Areas for focus in the next 12 months include understanding injured road users and any barriers to their interaction with the scheme along with the claimant experience. Initiatives will focus on removing barriers to efficient claim lodgement, speedy resolution of claims and measuring scheme utilisation.

Kim Birch



Chief Executive and CTP Regulator

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## Overview: about the CTP Regulator

### About the CTP Scheme

The CTP Regulator was established on 1 July 2016 to oversee the scheme and regulate CTP Insurers. Since this time, the four Government approved insurers AAMI, Allianz, QBE and SGIC (CTP Insurers) have underwritten the South Australian scheme and managed the claims against the CTP Policy of Insurance (policy).

On 1 July 2019 the scheme transitioned to a competitive model where motorists actively choose their CTP Insurer based on a number of factors including brand, service, price, and approved incentives.

Fundamental aspects of the scheme are:

- the motor vehicle registration renewal and CTP premium are paid in one transaction
- premiums may only be differentiated based on one or more of the following: vehicle type, vehicle use, garaging location and entitlement under GST law to an input tax credit for CTP insurance premiums
- the policy is identical across the four CTP Insurers.

CTP insurance premiums provide cover under a compulsory policy. The policy is attached to the vehicle, not an individual. The minimum terms and conditions of the policy are set by the Regulator and are available on the Regulator's website [www.ctp.sa.gov.au](http://www.ctp.sa.gov.au).

The policy protects the owner of a vehicle and other people who use the vehicle, with or without the owner's consent, against the financial impact of causing injury or death to other road users through the use of the vehicle anywhere in Australia.

CTP insurance is governed by South Australian legislation in the following Acts of State Parliament: the *Motor Vehicles Act 1959* (MV Act), the *Civil Liability Act 1936* and the *Compulsory Third Party Insurance Regulation Act 2016* in addition to contracts between the State and CTP Insurers.

In South Australia, claims for compensation under the scheme are fault-based common law claims modified by statute, principally the *Civil Liability Act 1936*. This means injured road users may be eligible for injury recovery support, payment of reasonable and necessary treatment, and compensation when another party is at fault or partially at fault. Access to compensation requires the injured person to meet thresholds depending on the seriousness of the injury.

The Regulator is appointed as the Nominal Defendant under Part 4 of the MV Act. Nominal Defendant claims arise when the vehicle responsible for a motor vehicle accident in South Australia that results in injuries to other road users, is either uninsured or unidentified. The Regulator assigns management of Nominal Defendant claims to the CTP Insurers in line with their market shares.

The scheme also provides reasonable and necessary treatment, care and support for children under the age of 16 years injured in an accident on South Australian roads, regardless of whether the child or a South Australian registered motor vehicle was at fault.

## Purpose of the Regulator

The purpose of the Regulator is to deliver a high-performing competitive CTP Scheme that offers choice, ease and confidence to the South Australian community. The Regulator is established as an independent statutory authority under the *Compulsory Third Party Insurance Regulation Act 2016* (the Act). The Regulator's functions are funded from the administration fee component of the CTP premium paid by motorists upon registration of their motor vehicles.

## Regulator functions

Under section 5(1) of the Act, the Regulator must:

- regulate CTP Insurers, and perform any other function relating to CTP Insurers conferred on the Regulator under the MV Act
- determine premium amounts payable for CTP insurance policies
- determine the minimum terms and conditions of CTP insurance policies
- monitor, audit and review the operations and efficiency of the CTP Scheme
- provide information to consumers about the scheme and CTP Insurers
- make, monitor the operation of, and review rules and guidelines for CTP Insurers relating to:
  - premium determination
  - claims management
  - dispute resolution
  - providing information to consumers
  - any other relevant matter
- make recommendations to the Minister in relation to:
  - eligibility criteria for insurers seeking approval under part 4 of the MV Act
  - terms and conditions of any agreement or contract entered into between the Minister and the CTP Insurer
  - assessment of an application from an insurer for approval or withdrawal of an approval under Part 4 of the MV Act
- administer the Act and exercise any other function conferred on the Regulator under any other Act.

### **Motor Accident Injury Accreditation Scheme (MAIAS) Administrator**

The Regulator was appointed as the Motor Accident Injury Accreditation Scheme (MAIAS) Administrator by the Attorney-General under section 76 of the *Civil Liability Act 1936*. The MAIAS Administrator has administrative and financial responsibility of the MAIAS which was established to accredit health professionals to undertake Injury Scale Value (ISV) medical assessments.

An ISV medical assessment is used to assist in determining an injured road user's entitlement to compensation by following a comprehensive claimant assessment assigning referred injuries to ISV Item numbers listed in Schedule 1 of the *Civil Liability Regulations 2013*. The ISV is a value between 0 and 100 that reflects the level of adverse impact of the injury on the person, based on medical evidence.

The MAIAS Administrator uses the MAIAS Rules to oversee the performance of the medical practitioners. The rules prescribe the regulatory and service standards required for medical practitioners to achieve and maintain accreditation.

As administrator of MAIAS, the Regulator's responsibilities include but are not limited to:

- prescribing the processes and documentation of the MAIAS
- prescribing accreditation training courses and overseeing their implementation
- making recommendations to the Minister for approval of applicants who meet the accreditation criteria
- monitoring the performance of Accredited Medical Practitioners (AMPs) to ensure conformity with accreditation obligations
- conducting investigations into alleged breaches of these conditions
- maintaining and keeping an up to date register of all Accredited Medical Practitioners
- continuing oversight of the MAIAS.

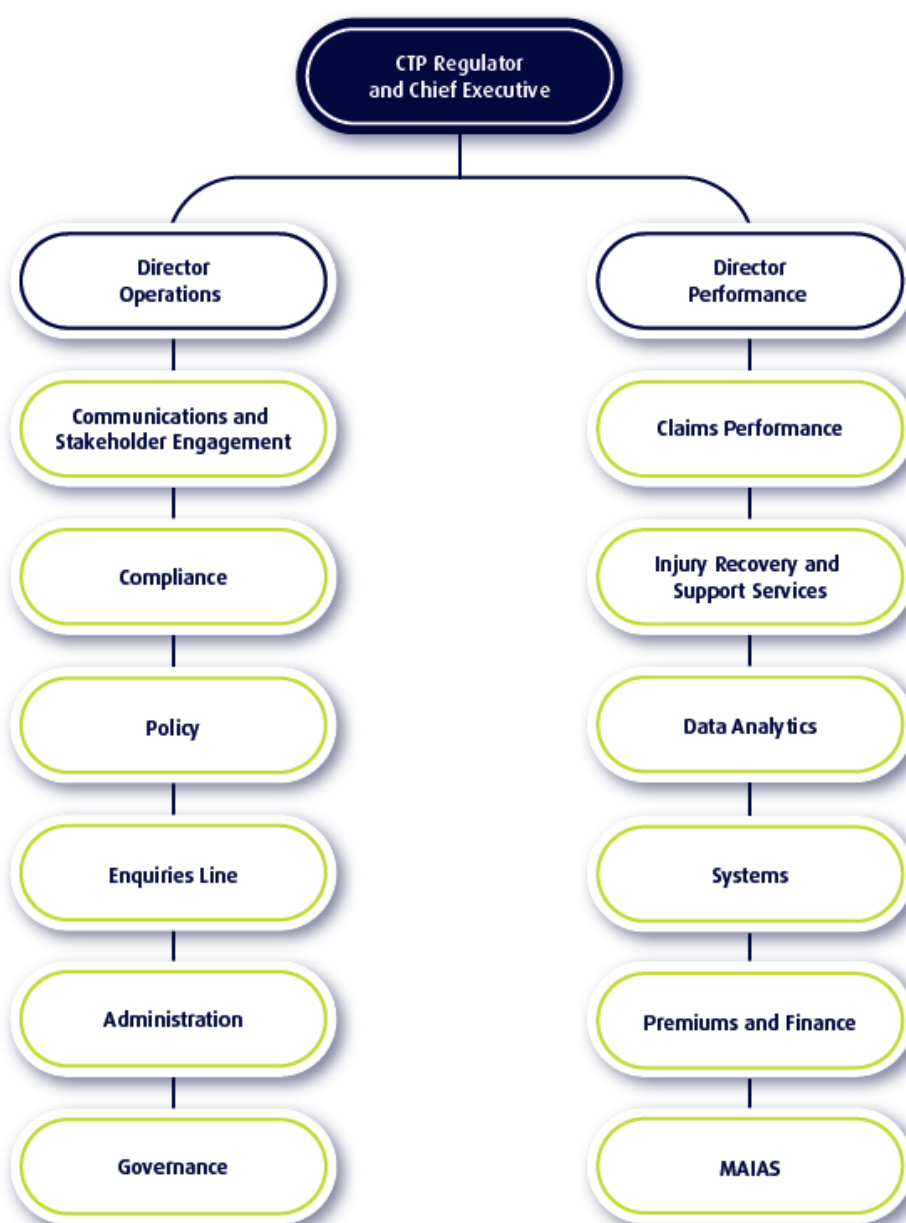
## Our vision

Deliver a high performing competitive CTP Scheme that offers choice, ease and confidence to the South Australian community.

## Our values

Our values	What this means for us
<b>Outcomes driven</b>	<ul style="list-style-type: none"> <li>• We look for practical solutions</li> <li>• We are decisive in our approach</li> </ul>
<b>Accountable</b>	<ul style="list-style-type: none"> <li>• We do what we say we will do</li> <li>• We act in the best interests of the scheme</li> </ul>
<b>Collaborative</b>	<ul style="list-style-type: none"> <li>• We listen to, and inform our community</li> <li>• We work together to bring positive change</li> </ul>
<b>Fair</b>	<ul style="list-style-type: none"> <li>• Our practices reflect and uphold our independence</li> <li>• We make evidence based decisions</li> </ul>
<b>Supportive</b>	<ul style="list-style-type: none"> <li>• We provide quality customer service</li> <li>• We respect the diversity of the people we serve</li> </ul>

## Our organisational structure



## Changes to the agency

During 2019-20 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

## Our Executive team

Kim Birch is the **CTP Regulator** (Regulator) and **Chief Executive** (CE) and responsible for carrying out the functions of the CTP Regulator and the CE as determined by the *Compulsory Third Party Insurance Regulation Act 2016*. The Regulator is also the Motor Accident Injury Accreditation Scheme (MAIAS) Administrator under the *Civil Liability Act 1936*.



Kerry Leaver is the **Director Operations** responsible for corporate functions including administration, communication, policy and risk and compliance. The Directorate is responsible for monitoring CTP Insurers and providing information to motorists.

Ivan Lebedev is the **Director Performance**, responsible for scheme performance operations, systems and processes required for scheme monitoring, corporate finance and the process of determining premium ranges for premium classes.

## **Legislation administered by the agency**

- *Compulsory Third Party Insurance Regulation Act 2016*
- Part 4, *Motor Vehicles Act 1959*

## **Stakeholder relationships**

The Regulator has a service level agreement with the Department of Treasury and Finance (DTF) for the provision of corporate services to keep administration costs down and support the effective functioning of the Regulator's office.

Our significant relationships to support scheme efficiency and administration are with:

- Department of Planning, Transport and Infrastructure for the collection and disbursement of CTP premiums.
- Lifetime Support Scheme and ReturntoWorkSA to share information to support injured people during their claim, streamline processes and improve recovery outcomes for injured people.
- Australian Prudential Regulation Authority regarding the financial stability and solvency of the CTP Insurers.

In 2019-20 the Regulator had Memorandums of Administrative Arrangement (MoAA) with government agencies to provide the following services to the scheme:

- **Road safety:** Department of Planning, Transport and Infrastructure and South Australia Police
- **Emergency transport, hospital and forensic services:** Department for Health and Wellbeing; Forensic Science SA (on behalf of Attorney-General's Department); SA Ambulance; State Rescue Helicopter Service (on behalf of Attorney-General's Department)
- **Customer support and transaction processing:** Department of Planning, Transport and Infrastructure.

These MoAAs are funded from the administrative component of the CTP premium collectively known as scheme services. The scheme services fees are detailed on page 28 of the report.

## The agency's performance

### Performance at a glance

The 2019-20 year marked the first year of the competitive scheme where motorists were able to choose from one of the four government approved CTP Insurers. The transition to the competitive scheme resulted in the following milestones:

- Education of South Australian motorists on how to choose a CTP Insurer. There is more information on the evaluation of the public education activities on page 21 of this report.
- Provision of information on the competitive scheme including an interactive premium calculator on the CTP Regulator website.
- Competition across the majority of premium classes with CTP Insurers refiling premiums a total of five times.
- Increase in claimant service rating throughout 2019-20 demonstrating improvements in customer service for the overall benefit of the scheme.

In addition to the milestones associated with the competitive scheme, the Regulator delivered on strategic goals to support the efficiency of the insurance business. Operational highlights include:

- New compliance framework to monitor CTP Insurers against obligations introduced from 1 July 2019. There is more information on the Regulator's compliance framework on page 24 of this report.
- CTP insurance district boundary review which confirmed the majority of postcodes or suburbs were assigned to the correct district. The review resulted in approximately 44,000 (or 3%) registered vehicles (based on 30 June 2019 vehicle registration data) being moved to the appropriate district. More information on the district boundary review can be read on page 23 of this report.
- Review and development of scheme information fact sheets and brochures to assist claimants in interacting with the scheme on issues including children's claims, financial hardship, liability determination, independent assessments, ISV medical assessments, complaints and disputes, settling a claim and recovering from injuries.

The MAIAS Administrator completed the 2019 quality assurance audit. There is more information on MAIAS activities on page 25 of this report.

### Agency contribution to whole of Government objectives

The Regulator's strategic objectives align with the Government's priorities of delivering lower costs and better services.

The premium bands determined by the Regulator for the 2019-20 financial year delivered savings to the majority of motorists. The Regulator has a commitment to responding to complaints and enquiries within 10 business days. The introduction of the claimant service rating promotes the importance of providing better service to South Australian motorists.

## Agency specific objectives and performance

The Regulator's strategic objectives help it perform the statutory functions under section 5 of the *Compulsory Third Party Insurance Regulation Act 2016*.

The Regulator's performance against strategic objectives is summarised below.

Performance indicator	Target date	Outcome
<b>Objective 1: Oversee a financially sustainable, efficient and effective scheme</b>		
Premium bands set for each premium class	May 2020	✓ Achieved
Evaluation of community information and education campaign	June 2020	✓ Achieved
Completion of MAIAS accreditation	July 2019	✓ Achieved
Execution of Memorandums of Administrative Arrangement for road safety funding	September 2019	✓ Achieved February 2020, administrative delays, no impact to services
Develop relationships with the Centre for Automotive Safety Research (CASR)	June 2020	✓ Achieved
Implement the process to analyse dealer transactions to identify dealer-insurer relationships	December 2019	✓ Achieved
Competition scheme project evaluation	September 2019	✓ Achieved
Undertake a district boundary review	June 2020	✓ Achieved
Implement fraud management framework	December 2020	On track
<b>Objective 2: Promote an outcomes driven, early recovery and service focused approach to claims management</b>		
Complete review of the Early Notification Form (ENF) and propose new process	January 2020	✓ Achieved
Complete the MAIAS quality audit for 2019	December 2019	✓ Achieved January 2020
Establish the Regulator's referral process to the Legal Services Commission for claimants	June 2020	✓ Achieved
Introduce a survey process to measure the claimant's experience	March 22	On track

**Objective 3: Meet our regulatory and statutory obligations**

Develop and evaluate a revised scheme risk and compliance framework	February 2020	✓ Achieved
Undertake internal audit of scheme data storage and management by the Regulator	November 2019	✓ Achieved
Determine the Open Data Policy for the Regulator	April 2020	✓ Achieved
Evaluate the 2019 MAIAS accreditation	August 2019	✓ Achieved
Internal audit program is undertaken and systems established as recommended	June 2020	✓ Achieved
Introduce a sustainable, appropriate annual scheme risk and compliance planning cycle	June 2020	Partially achieved, to be completed in 2020-21
Procure a medical review panel for MAIAS	September 2020	On track
Increase scheme performance transparency	March 2021	On track
Implement new MAIAS website and learning management system	March 2021	On track

**Objective 4: Enhance the capability of our team to lead the delivery of our vision and mission**

Deliver service improvements from the review of our complaints management framework	June 2020	✓ Achieved
Complete the organisational recruitment plan 2019	December 2019	✓ Achieved
Establish the operational management structure and systems to support corporate governance	May 2020	✓ Achieved
Engage a consultancy to support senior management team development	February 2020	✓ Achieved
Deliver service improvements from the review of our complaints management framework	March 2020	✓ Achieved June 2020
Develop a skills capability framework	June 2020	Partially achieved, to be completed in 2020-21
Capacity building placement for people with disability	December 2021	On track
Develop systems and processes to analyse and act on staff feedback	October 2020	On track
Deliver our customer service framework	June 2021	On track

## Corporate performance summary

During 2019-20 the Regulator:

- improved business continuity plans and processes
- implemented a corporate governance framework project to review and improve governance structures across the team
- conducted continuous improvement and maintenance of information technology systems
- supported staff to move to flexible working arrangement in response to the COVID-19 pandemic
- monitored the impacts of COVID-19 on the Regulator and the scheme to ensure no interruption to services.

Further information about the Regulator's performance in the 2019-20 financial year is detailed in the section "Reporting required under the *Compulsory Third Party Insurance Regulation Act 2016*".

## Agency performance management and development systems

Regulator staff access Department of Treasury and Finance's (DTF) performance management and development systems. All staff have performance plans in place that are reviewed every six months. The Regulator also provided tailored training courses for staff in 2019-20:

- All new Regulator staff completed a tailored business writing course to improve quality and increase confidence and enjoyment in written work. This course included a component to assist managers in providing positive feedback to encourage staff and improve overall performance
- All Regulator staff were given the opportunity to complete resilience skills training
- A skills development training plan was introduced for managers

## Work health, safety and return to work programs

Regulator staff access DTF's work health, safety and return to work programs.

## Work health and safety and return to work performance

Regulator staff are employed by DTF and seconded to the Regulator. No work health and safety breaches, workplace injury claims, notifiable incidents or improvement and prohibition notices have been recorded by the Regulator.

## Executive employment in the agency

Executive classification	Number of Executives
SAES Level 1	2
SAES Level 2	1

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.



## Financial performance

### Financial performance at a glance

The following is a brief summary of the overall financial position of the Regulator excluding GST and stamp duty receipts and payments. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report.

Statement of Comprehensive Income	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	Past year 2018-19 Actual \$000s
Total Income	64,381	65,173	792	62,873
Total Expenses	64,381	58,956	(5,426)	62,498
Net Result	0	6,217	6,217	375
Total Comprehensive Result	0	6,217	6,217	375

Statement of Financial Position	2019-20 Budget \$000s	2019-20 Actual \$000s	Variation \$000s	2018-19 Actual \$000s
Current assets	n/a	35,086	n/a	13,920
Non-current assets	n/a	342	n/a	645
Total assets	n/a	35,428	n/a	14,565
Current liabilities	n/a	18,451	n/a	3,977
Non-current liabilities	n/a	510	n/a	338
Total liabilities	n/a	18,961	n/a	4,315
Net assets	n/a	16,467	n/a	10,250
Equity	n/a	16,467	n/a	10,250

### Consultants disclosure

The following is a summary of external consultants that have been engaged by the Regulator, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

## Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$0

## Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Taylor Fry Pty Ltd	Scheme actuarial services	\$411,974
PriceWaterhouseCoopers	Internal audit	\$154,780
Total		\$566,754

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian Public Sector.

## Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

## Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$11,418

**Contractors with a contract value above \$10,000 each**

Contractors	Purpose	\$ Actual payment
Wavemaker	Competition model – communication	\$360,766
Dr Michael Epstein	GEPIC training for MAIAS accreditation	\$31,903
Haymakr	Claimant service rating	\$20,900
Haymakr	Market research	\$20,000
Dr Dwight Dowda	MAIAS quality assurance	\$19,475
ReturnToWorkSA	MAIAS accreditation	\$17,668
Wendy Tims Consulting	Organisation development	\$15,525
Dr Beata M Byok	MAIAS quality assurance	\$15,371
Biz Hub Australia Pty Ltd	Personal Injury Register annual support	\$14,719
Total		\$527,743

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

**Other information**

Refer to the Reporting required under the *Compulsory Third Party Insurance Regulation Act 2016* section of this report, commencing on page 21.

## Risk management

### Risk and audit at a glance

During 2019-20, the Regulator:

- established a risk and audit committee to review, assess and monitor strategic and operational risks and internal audit activities
- completed the inaugural schedule of the outsourced internal audit program
- developed a risk appetite statement
- conducted a risk culture survey.

### Fraud detected in the agency

Category/nature of fraud	Number of instances
Timesheet fraud	2

*NB: Fraud reported includes actual and reasonably suspected incidents of fraud.*

### Strategies implemented to control and prevent fraud

The Regulator has a robust suite of policies and work instructions to identify key risks and controls and mitigate the risk of fraud. These controls include but are not limited to:

- segregation of duties
- delegations of authority
- user restrictions to financial software
- asset registers
- triennial employee criminal history screening
- independent internal audit function
- financial management compliance program
- staff training and education on policies and procedures
- requirement of staff to adhere to the Public Sector Code of Conduct
- annual Conflict of Interest Declaration process for all staff.

### Public interest disclosure

There were no occasions on which public interest information was disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*.

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1 July 2019.

## Reporting required under the *Compulsory Third Party Insurance Regulation Act 2016*

This section of the report details the operational activities performed to meet the Regulator's functions under the Act.

### Competition scheme implementation

In May 2019 the Regulator commenced a public information and educational campaign to assist motorists to choose their CTP Insurer. The campaign ran to the end of June 2020 to align with all motor vehicle owners completing a registration renewal following changes to the scheme.

The education and information materials for the introduction of the competitive scheme informed the community about the changes to the scheme to enable them to actively participate and successfully select a CTP Insurer. The key communication channels were:

- the Regulator website
- a leaflet inserted into registration renewal notices
- a video for the Regulator's website and Service SA waiting areas
- social media and website tiles on Department for Infrastructure and Transport and Service SA website pages.

There was a significant increase in visitation to the competition scheme website pages from May 2019 onwards, with the most significant visitation increases occurring in the first three months of the scheme (up to 30 September 2019). The overall level of enquiries (to the Regulator's Enquiries Line and Service SA) did not increase as a result of changes to the scheme, demonstrating the communications strategy worked in informing motorists of the change.

More than 1,000 South Australian motorists responded to an online survey in October 2019 on their awareness of changes to the scheme. More than two thirds (69%) were aware of changes to CTP insurance and the majority (74%) gained that knowledge via the registration renewal notice.

The formal evaluation of the communications strategy (online survey of 415 motorists in June 2020) found the materials were positively received and delivered extremely high awareness of the change:

- Awareness of the change to the CTP process was nearly universal at 95%
- Almost everyone (95%) found the renewal process easy
- Motorists remain positive with 59% liking the change

- Since premium price equalisation for some premium classes occurred, price has decreased as a perceived benefit of insurer choice. The ability to choose an insurer is now the top benefit followed by the ability to choose the insurer with the best service.

The CTP Insurers competed on price throughout the 2019-20 year by refiling premiums a total of five times with price competition across the majority of premium classes.

During 2019-20, all insurers' premium prices moved to the Regulator's lowest band rate determined in the private passenger and goods carrying light premium classes, which represent approximately 85% of the total number of registered vehicles excluding trailers.

The Regulator's policy acquisition data for 2019-20 demonstrate that the claimant service rating, which is displayed on the registration renewal form, is a key factor used by motorists to choose their CTP Insurer.

The 2019 amendments to the *Motor Vehicles Act 1959* (MV Act) enabled CTP Insurers to offer incentives to policy holders. In 2019-20 CTP Insurers offered incentives including rewards programs, gift cards and discount off other insurance products. The classes of incentives insurers are able to offer are approved by the Treasurer and published on the Regulator's website.

Changes to the MV Act retained auto-allocation of CTP Insurers for new motor vehicle registration. Motorists are able to switch insurer after the purchase of a new vehicle. A total of 71,243 policies were auto-allocated in 2019-20 and a total of six motorists chose a different insurer after purchasing their new vehicle.

## Regulatory activities

Key activities completed in 2019-20 include:

- Determination of new premium bands to apply from 1 July 2020 resulting in sustained price competition across the majority of premium classes. Based on the lowest filed premium rate, premiums did not increase in 44 premium classes, representing 96% of the total projected number of registered vehicles excluding trailers.
- Introduction of a new Regulator Rule on 1 June 2020 to manage the release of a vehicle collision report (VCR) by a CTP Insurer to the claimant.
- Minor changes were made to the determination of premium classes throughout the year including amending the definitions of rideshare and hire car classes to ensure premiums are fair and reasonable to all motor vehicle owners.
- Release of a suite of new communication tools to assist claimants in their interaction with the scheme. Of note:
  - A new brochure was developed with information for motor vehicle owners and drivers. It provides general information on the scheme including what is covered, CTP premiums and frequently asked questions. It also provides a consistent central source of information that can be distributed by CTP Insurers to motorists.



- A new fact sheet to support those affected by a fatal motor vehicle collision. Developed in consultation with SAPOL Major Crash, the Commissioner for Victims' Rights and CTP Insurers, the fact sheet is distributed by police supporting the family. It contains information to connect the claimant to the right CTP Insurer to support them through the claims process at a difficult time.
- Continuous improvement of the Personal Injury Register (PIR) including updates to the payment codes to allow for better reporting and data analysis of the scheme. The PIR contains information on all claims received and payments made under the scheme since 1 July 2016. The information is used to regulate the CTP Insurers, analyse performance of the scheme, and in determining premiums.
- Roadshow presentations to each CTP Insurer claims staff to provide information about the Regulator's requirements including:
  - new Regulator Rules which commenced from 1 July 2019
  - customer service
  - 2019-20 compliance framework
  - importance of scheme data
  - Motor Accident Injury Accreditation Scheme (MAIAS).
- Commencement of injury recovery audits of CTP Insurers to assess the implementation and application of the Injury Recovery and Early Intervention Framework for assessing reasonable and necessary treatment.
- Facilitated operational improvements including:
  - Implementation of an injury management forum with CTP Insurers to identify and address common barriers or emerging issues for claimants that impact reasonable and necessary injury recovery services.
  - Implementation of an online version of Allied Health Management Plans to increase ease of use and accessibility of the forms for health providers and CTP Insurers.
  - Introduction of a Voluntary Medical Certificate to streamline information provided to CTP Insurers at the start of a claim, which supports injured road users to receive timely treatment for their injuries and progress their CTP claim.

### **Insurance rating district boundary review**

The Regulator conducted a review of the CTP insurance rating district boundary (boundary). The results of the review are explained in the CTP Insurance Rating District Boundary Review Report, available on the Regulator website.

The boundary separating the districts had not been reviewed since it was established in 2002. Periodic review of the boundary assures the Regulator that premiums are applied fairly across the community.

Vehicle garaging location is one of four factors that can apply in setting premiums. A vehicle garaging address falls into one of two insurance rating districts. District 1 represents higher

populated areas (roughly corresponding to metropolitan Adelaide) and has a greater number of CTP claims per 1,000 registered vehicles and cost per CTP policy. District 2 represents less populated areas and has a lower claim frequency and cost per policy.

The Regulator based analysis on six years of claims data, from 1 July 2013 to 30 June 2019. This data was used to calculate the claim frequency for each suburb and postcode. The review required a number of criteria to be met before a postcode or suburb could move district.

As a result of the review, the Regulator amended the boundary between districts 1 and 2, under the powers to determine premiums in the Act.

The review identified areas where the number of CTP claims and the number of policies per 1,000 registered vehicles were inconsistent with their current district classification. The review resulted in approximately 44,000 (or 3%) registered vehicles (based on 30 June 2019 vehicle registration data) being moved into the appropriate district.

Approximately 16,000 vehicles in four suburbs moved from district 2 to 1 and the majority experienced an increase in premium. Approximately 28,000 vehicles in 42 suburbs moved from district 1 to district 2 and the majority experienced a decrease in premium.

As a result of the review the scheme funding remains the same. The newly defined district boundary alters the contribution each area makes to the funding.

The Regulator has adopted a 10-year review cycle because it allows for enough data to accumulate for claim frequency analysis.

### **Scheme monitoring**

The Regulator uses a suite of tools to oversee scheme performance and to identify areas for further investigation in scheme trends, CTP Insurer performance and data quality.

Benchmarking reports have an operational focus and compare individual insurer performance with their competitors on key claims management activities such as claims acceptance or denial, claims closure, re-opening and settlements.

Benchmarking reports are provided to CTP Insurers to help them assess their performance against the rest of the market. These reports are also a key tool for the Regulator to closely monitor data quality. The accuracy of the data is important in monitoring the scheme experience and premium setting.

In addition, the Regulator monitors the compliance of CTP Insurers with contractual and legislative obligations using the compliance framework. The framework is risk based, targeting areas of highest priority for the scheme. The framework prescribes compliance activities, including:

- claims management reviews
- data analytics
- mandatory declarations.

The 2019-20 compliance program introduced an in-depth end-to-end assessment of each CTP Insurer's business, which included:

- claims communication

- service levels provided to claimants
- compliance with legislative obligations
- treatment approval and injury recovery
- complaints and dispute resolution
- payments and settlements
- management and protection of personal and confidential information
- oversight of third party providers.

Due to disruptions caused by COVID-19 and the ability for on-site audits to be conducted the completion of the 2019-20 compliance program was delayed, to be completed in the 2020-21 financial year.

Where the compliance program identified findings, CTP Insurers were required to submit remediation plans which are tracked monthly against agreed deadlines and outcomes.

Any areas considered non-compliant can result in CTP Insurers being issued with breach notices. A total of 46 breaches were issued in 2019-20 as shown in the table below, of which 24 are open as at 30 June 2020 and are being monitored by the Regulator.

The most common areas of breaches included:

- privacy
- not providing reports/information to claimants as required within 21 days
- not providing timely reimbursement of claimant expenses
- complaints management.

#### **CTP Insurer breaches issued in 2019-20**

CTP Insurer	Breaches
AAMI	7
Allianz	16
QBE	15
SGIC	8

In addition, CTP Insurers paid eight sanctions to the total value of \$110,000 to the State Government.

### **Motor Accident Injury Accreditation Scheme (MAIAS)**

The objective of MAIAS is to create an independent system that provides consistent, objective and reliable Injury Scale Value (ISV) medical assessments. It accredits health professionals to undertake ISV medical assessments which includes assigning an injury Item Number based on the assessment of injuries sustained in motor vehicle accidents.

In 2019-20 the MAIAS Administrator developed a strategic plan for the MAIAS to prioritise areas of development and improvement, detailed below.

### *Accreditation*

In 2019-20 MAIAS completed the first re-accreditation of medical practitioners since the introduction of MAIAS in 2015. MAIAS collaborated with the Return to Work Impairment Assessor Accreditation Scheme, administered by ReturntoWorkSA to develop a joint process for applications, training and competency assessments, creating efficiencies.

### *Telehealth for GEPIC ISV medical assessments*

The COVID-19 pandemic led to a review of processes that could be amended to support claimants during pandemic conditions. Work was undertaken to develop a trial process of telehealth conferencing for pure mental harm GEPIC assessments where it is safe and clinically appropriate to do so. The trial commenced in the 2020-21 financial year.

### *Quality assurance program*

MAIAS completed a review of a sample of ISV medical assessments completed between 30 June 2018 and 31 August 2019. The purpose of the review was to monitor the compliance of Accredited Medical Practitioners (AMPs) with their obligations contained in the, *Civil Liability Act 1936*, *Civil Liability Regulations 2013* and the accreditation criteria from the MAIAS Training Manual to identify issues and provide ongoing education and feedback to AMPs.

The sample of reports covered AMPs who, as a group, produced at least 90% of all reports completed during the review period. This limited individual samples to five per AMP.

A review was conducted of 125 ISV medical assessments for physical injury produced by 25 AMPs. The results show a deterioration in compliance across a number of criteria compared to the 2018 program. However there was an improvement in results for 17 reports which were completed after the 2019-2022 accreditation process.

The key issues identified were: AMPs either not using or modifying the prescribed ISV medical assessment templates; assessment of injury stability for all referred injuries, non-substantiated calculation of the Whole Person Impairment; and application of the Pain Chapter (AMA 5).

Forty GEPIC ISV medical assessments for pure mental harm produced by eight AMPs were reviewed. It was not possible to compare results with 2018 due to the small sample size for the 2018 review program. Key issues identified in reviewing the pure mental harm reviews were: providing a diagnosis assessed as arising from pure mental harm or consequential mental harm, providing a GEPIC rating with detailed reasons, providing sound reasoning and a clear rationale for their opinion.

A training program has been developed for 2020-21 to support AMPs to meet their accreditation obligations to deliver a compliant report.

## Scheme statistics

### Insured vehicles by type

(Registrations as at 30 June 2020)

Type of vehicle	Vehicles	%
Private passenger	1,063,106	57.74%
Public passenger: no fare	655	0.04%
Taxis: metropolitan	904	0.05%
Taxis: country	246	0.01%
Hire cars	5,032	0.27%
Rideshare	4,014	0.22%
Public passenger: small	754	0.04%
Public passenger: medium	984	0.05%
Public passenger: heavy	606	0.03%
Public passenger: omnibus	1,050	0.06%
Goods carrying: light	209,729	11.39%
Goods carrying: medium	15,299	0.83%
Goods carrying: heavy	9,795	0.53%
Goods carrying: primary producers	29,967	1.63%
Motorcycles: ultra light	3,326	0.18%
Motorcycles: light	8,469	0.46%
Motorcycles: medium	12,270	0.67%
Motorcycles: heavy	19,166	1.04%
Tractors	53,205	2.89%
Historic and left hand drive vehicles	31,109	1.69%
Special purpose vehicles	15,139	0.82%
Car carriers: light	1	0.00%
Car carriers: medium	21	0.00%
Car carriers: heavy	1	0.00%
Car carrier trailers	119	0.01%
Trailers	356,305	19.35%
<b>Total</b>	<b>1,841,272</b>	<b>100.00%</b>

Source: Department for Infrastructure and Transport policy data.

### Ratio of class 1 premium<sup>(1)</sup> to South Australian average weekly earnings (AWE)<sup>(2)</sup>

	Annual premium <sup>(1)</sup>	State AWE <sup>(2)</sup>	Ratio
2019-20	\$296.77	\$1,504	20%
2018-19	\$411.25	\$1,462	28%
2017-18	\$400.75	\$1,442	28%
2016-17	\$389.00	\$1,446	27%

Note: <sup>(1)</sup> Premium is the weighted average lowest priced Class 1 District 1 public passenger vehicle (private use, no input tax entitlement) on offer over the financial year.

<sup>(2)</sup> Source: Australian Bureau of Statistics, 6302.0 Average Weekly Earnings, Australia. Earnings; Persons; Full Time; Adult; Ordinary time earnings; South Australia; Series Id: A84989336X, November (in given financial year).

### Premium and fee collection

(1 July 2019 to 30 June 2020)

Description	\$'000
Insurers' premiums*	308,359
Stamp duty	41,354
Road safety	14,390
Emergency transport, hospital and forensic services	31,515
Customer support and transaction processing	10,693
CTP Scheme regulation and administration	8,577
<b>Total insurance premiums collected</b>	<b>414,888</b>

Note: \*Includes GST.

### Market share

	AAMI	Allianz	QBE	SGIC
30 June 2020	28%	27%	21%	24%
30 June 2019*	30%	15%	35%	20%
30 June 2018*	30%	15%	35%	20%
30 June 2017*	30%	15%	35%	20%

Note: \*All insurers had contractually agreed market share for the first three years.

### Claimant service rating results

Publication month	AAMI	Allianz	QBE	SGIC
June 2020	81	72	77	85
June 2019	69	72	71	70

Note: The score published each month is the average claimant service rating from claimants surveyed in the previous six months.



### Supplementary claimant service survey questions – scheme average

Publication month	Q1	Q2	Q3	Q4	Q5	Q6
June 2020	77	75	84	82	88	81
June 2019	71	67	79	77	85	76

The supplementary questions are asked after the main claimant service rating question. They are:

Question 1: Responding to needs in a timely manner

Question 2: Being kept up-to-date with claim progress

Question 3: Case manager's knowledge

Question 4: Provided information is easy to understand

Question 5: Case manager's friendliness and helpfulness

Question 6: Provided with all the needed information

Note: The values shown are the average of results of all claimants surveyed in the previous six months.

### Number of accidents by region

(Accidents from 1 July 2019 to 30 June 2020)

Region	Accidents	%
Adelaide City / Suburbs	1,171	85.3%
Outer Adelaide	111	8.1%
Murraylands	30	2.2%
South	13	0.9%
Northern	12	0.9%
Eyre	15	1.1%
Interstate	20	1.5%
<b>Total</b>	<b>1,372</b>	<b>100%</b>

Note: The recent accident years' data is immature due to accidents where a claim is yet to be reported.

### Claim lodgement by development year

(All claims for accidents from 1 July 2016 to 30 June 2020)

Accident year	Development year				Total
	1	2	3	4	
2016-17	2,376	630	50	29	3,085
2017-18	2,120	470	56		2,646
2018-19	1,931	430			2,361
2019-20	1,558				1,558
<b>Total</b>					<b>9,650</b>

Note: Development year 1 means claims lodged in the accident year (year means financial year), development year 2 means claims lodged in the next year after the accident year, etc.

## Claimants by demographic

(All claims for accidents from 1 July 2016 to 30 June 2020)

Age group	Males	Females	Total	%
0-5	62	48	110	1%
6-15	131	158	289	3%
16-25	601	838	1,439	15%
26-35	830	1,020	1,850	19%
36-45	755	938	1,693	18%
46-55	851	955	1,806	19%
56-65	645	704	1,349	14%
66+	484	630	1,114	12%
<b>Total</b>	<b>4,359</b>	<b>5,291</b>	<b>9,650</b>	<b>100%</b>

## Claims by severity

(Closed claims for accidents from 1 July 2016 to 30 June 2020)

AIS* severity	Claims	%
Minor	3,398	60.3%
Moderate	537	9.5%
Serious	189	3.4%
Severe	12	0.2%
Critical	3	0.1%
Maximum	103	1.8%
Admin only	1,395	24.7%
<b>Total</b>	<b>5,637</b>	<b>100.0%</b>

Note:

\*Injury severity based on injuries coded under the Abbreviated Injury Scale 2008 (AIS 2008).

"Minor" category includes claims where a region-specific injury code was reported with a severity of 9 ("not further specified").

"Maximum" injury severity usually indicates a fatality.

"Admin" means there were no physical injuries caused by the accident or there was no medical evidence available for injury coding.

## Rates of legal representation

(Accidents from 1 July 2016 to 30 June 2020)

Accident year	Claims	% Closed	% Legal rep	% Litigated
2019-20	1,558	26%	25%	0.1%
2018-19	2,361	52%	26%	0.3%
2017-18	2,646	62%	36%	1.7%
2016-17	3,085	76%	38%	12.3%

Note: The recent accident years' data is immature due to the long tail nature of CTP claims.

## Claim duration by CTP Insurer

(Closed claims for accidents from 1 July 2016 to 30 June 2020 where relevant data is available)

Timeframe	AAMI	Allianz	QBE	SGIC	Average
Notification date to compliance date	1.0	1.3	0.5	1.5	1.0
Notification date to liability decision date	3.9	3.4	4.3	3.8	3.9
Notification date to closure date	13.5	11.2	10.8	10.9	11.7

Note: Timeframe is average month(s).

## Heads of damage breakdown

(Closed claims from 1 July 2019 to 30 June 2020 for accidents from 1 July 2016 to 30 June 2020)

Heads of damage	Closed claims	% Closed payments
Care	683	17%
Economic loss	576	37%
Non-customer benefits	1,683	19%
Non-economic loss	207	5%
Other customer benefits	434	1%
Treatment	1,925	21%
<b>Total</b>	<b>2,087</b>	<b>100%</b>

Note:

“Care” category includes payments for past and future care and home services, care-related travel and voluntary services.

“Non-customer benefits” category includes investigation costs, the costs of medical reports from treating medical providers and ISV medical assessors, and plaintiff and defendant legal costs.

“Other customer benefits” category includes claimant travel expenses and reasonable funeral costs. In the 2018-19 annual report this category included payments to surviving spouse and/or children for the loss of family member, payments to partners of injured persons for the loss of companionship, and rehabilitation costs. These payment types have now been moved to other heads of damage in the table.

“Treatment” category includes payments for past and future medical, allied health and hospital services, excluding public hospital services funded from the administrative fee component of CTP premiums.

Nil claims (zero payments) have been excluded from the data.

## Nominal defendant claims received by accident year

(Accidents from 1 July 2016 to 30 June 2020)

Year of accident	Unidentified vehicles	Unregistered vehicles	Total
2019-20	42	13	55
2018-19	60	20	80
2017-18	73	19	92
2016-17	88	17	105

Note: The recent accident years’ data is immature due to accidents where a claim is yet to be reported.

## Public complaints

### Number of public complaints reported

Type	Number of instances
Complaints about CTP Insurers	32
Complaints about the scheme	12
Complaints about the Motor Accident Injury Accreditation Scheme	1
Complaints about the Regulator	0

### Total enquiries to the Regulator in 2019-20 by source

Enquirer source	Number of enquiries
General public	4,944
CTP Insurer	688
Medical	407
Legal	219
Government department	179
Peak body	47
Media	11
Interstate regulators	5
<b>Total</b>	<b>6,500</b>

### Enquiries from the general public in 2019-20 by enquiry category

Enquiry category	Number of enquiries
Claims	2,532
Registration or other insurance*	1,288
Competition scheme	559
CTP Scheme	358
Complaints	104
Operations	91
MAIAS	12
<b>Total</b>	<b>4,944</b>

Note: \*Registration or other insurance enquiries include calls about comprehensive insurance and vehicle registration outside the responsibility of the CTP Regulator. The number for "Complaints" does not match the number of complaints listed in the public complaints section of this annual report because each complaint can involve a number of enquiries and this category also includes questions about the complaints process that do not result in a complaint being lodged with the Regulator.

### Service improvements resulting from complaints or consumer suggestions over 2019-20

The Regulator has a commitment to respond to all enquiries and complaints within 10 business days. In 2019-20 improvements were made to enquiries scripts and the internal complaints and enquiries management process to improve the flow of information and response times. This allowed complaints to receive a response in an average of six days, and non-standard enquires to receive a response in an average of three days.

All enquiries received are recorded and monitored, and this information is used to improve our tools to better inform motorists, injured people and other stakeholders about the scheme.

Enquiries and complaints are reviewed against available website information to inform changes to our website and other communications materials so information is accurate, clear and accessible.

In 2019-20 the Regulator made the following amendments to website information based on consumer enquiries and complaints:

- improved information on policy holder privacy and CTP Insurer privacy responsibilities
- updated information on how motorists choose a CTP Insurer to include brand, claimant service rating and available incentives, not just price.

## Appendix: Audited financial statements 2019-20



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## To the Chief Executive CTP Regulator

### Opinion

I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the CTP Regulator as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and CTP Regulator and the Director, Performance.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the CTP Regulator. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

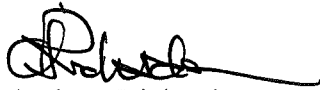
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CTP Regulator's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.



I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'Andrew Richardson', with a stylized, flowing script.

Andrew Richardson

**Auditor-General**

28 September 2020

# **CTP Regulator**

## **Financial Statements**

For the year ended 30 June 2020

**CTP Regulator**  
**Statement of Certification**  
*for the year ended 30 June 2020*

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We certify that the attached general purpose financial statements for the CTP Regulator:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the CTP Regulator; and
- present a true and fair view of the financial position of the CTP Regulator as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the CTP Regulator for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Kim Birch  
**Chief Executive & CTP Regulator**  
25 September 2020



Ivan Lebedev  
**Director, Performance**  
25 September 2020

**CTP Regulator**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>			
Administration premium component collections	2.1	65 175	61 342
Interest	2.2	132	407
Other income	2.3	38	1 124
Resources received free of charge	2.4	11	-
<b>Total income</b>		<b>65 356</b>	<b>62 873</b>
<b><u>Expenses</u></b>			
Employee benefits expenses	3.2	3 386	3 896
Supplies and services	4.1	2 163	3 213
Depreciation and amortisation	4.2	320	320
Administration premium component distributions	4.3	52 894	53 790
Other expenses	4.4	193	1 279
<b>Total expenses</b>		<b>58 956</b>	<b>62 498</b>
<b>Net result</b>		<b>6 400</b>	<b>375</b>
<b>Total comprehensive result</b>		<b>6 400</b>	<b>375</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**CTP Regulator**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>			
Cash and cash equivalents	6.1	34 552	12 832
Receivables	6.2	534	1 088
<b>Total current assets</b>		<b>35 086</b>	<b>13 920</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	5.1	64	89
Intangible assets	5.3	278	556
<b>Total non-current assets</b>		<b>342</b>	<b>645</b>
<b>Total assets</b>		<b>35 428</b>	<b>14 565</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	18 119	3 662
Employee benefits	3.3	328	311
Provisions	7.2	4	4
<b>Total current liabilities</b>		<b>18 451</b>	<b>3 977</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	43	28
Employee benefits	3.3	459	305
Provisions	7.2	8	5
<b>Total non-current liabilities</b>		<b>510</b>	<b>338</b>
<b>Total liabilities</b>		<b>18 961</b>	<b>4 315</b>
<b>Net assets</b>		<b>16 467</b>	<b>10 250</b>
<b><u>Equity</u></b>			
Retained earnings		16 467	10 250
<b>Total equity</b>		<b>16 467</b>	<b>10 250</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**CTP Regulator**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

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	Retained earnings	Total equity
	\$'000	\$'000
<b>Balance at 30 June 2018</b>	9 875	9 875
Net result for 2018-19	375	375
<b>Total comprehensive result for 2018-19</b>	<b>375</b>	<b>375</b>
<b>Balance at 30 June 2019</b>	<b>10 250</b>	<b>10 250</b>
Error correction	(183)	(183)
<b>Adjusted balance at 1 July 2019</b>	<b>10 067</b>	<b>10 067</b>
Net result for 2019-20	6 400	6 400
<b>Total comprehensive result for 2019-20</b>	<b>6 400</b>	<b>6 400</b>
<b>Balance at 30 June 2020</b>	<b>16 467</b>	<b>16 467</b>

**CTP Regulator**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

**Statement of Cash Flows**

		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
<u>Cash inflows</u>			
Receipts from administration fees		65 460	61 201
Interest received		143	227
Other receipts		144	1 027
<b>Cash generated from operations</b>		<b>65 747</b>	<b>62 455</b>
<u>Cash outflows</u>			
Employee benefit payments		(3 200)	(3 428)
Payments to suppliers and services		(2 181)	(2 903)
Payments for administration fees		(37 735)	(53 193)
Other payments		(894)	(1 483)
<b>Cash used in operations</b>		<b>(44 010)</b>	<b>(61 007)</b>
<b>Net cash provided by / (used in) operating activities</b>		<b>21 737</b>	<b>1 448</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(17)	-
<b>Cash generated from SA Government</b>		<b>(17)</b>	<b>-</b>
<b>Net cash provided by / (used in) investing activities</b>		<b>(17)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>21 720</b>	<b>1 448</b>
Cash and cash equivalents at the beginning of the reporting period		12 832	11 384
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6.1</b>	<b>34 552</b>	<b>12 832</b>

The accompanying notes form part of these financial statements.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**NOTES TO THE FINANCIAL STATEMENTS**

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# CTP Regulator

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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### 1. About the CTP Regulator

The CTP Regulator (the Regulator) is an instrumentality of the Crown and a not-for-profit statutory authority of the South Australian government.

The financial statements and accompanying notes include all the controlled activities of the Regulator. Transactions and balances relating to administered resources are not recognised as Regulator income, expenses, assets or liabilities.

Administered items are disclosed in the schedule of administered items in Note 10.4. except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for Regulator items. The administered activities include the receipt and payment of stamp duty on CTP insurance premiums (premiums). Stamp duty is payable under a specific arrangement between the Regulator and the Commissioner of State Taxation pursuant to the *Taxation Administration Act 1996*. Under its Memorandum of Administrative Arrangement with the Commissioner of State Taxation, the Regulator collects and remits all stamp duty payable on premiums.

#### 1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*
- relevant Australian Accounting Standards.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the CTP Regulator has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

## **CTP Regulator**

### **Notes to and forming part of the Financial Statements**

*for the year ended 30 June 2020*

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#### **1.2. Objectives and programs**

The CTP Regulator (the Regulator) is an independent Statutory Authority established under the *Compulsory Third Party Insurance Regulation Act 2016*.

The Regulator is responsible for an efficient, competitive, and viable CTP insurance industry in South Australia, and the oversight, monitoring and reporting of CTP Insurer activities.

Four private CTP Insurers (AAMI, Allianz, QBE, and SGIC) were approved to underwrite the insurer premium component of the total premium in South Australia from 1 July 2016. Each CTP Insurer was allocated an initial share of the CTP market during the transition period which ended on 30 June 2019. From 1 July 2019 under the competitive model, motorists actively choose their own CTP Insurer for each registration renewal period.

The total premium is made up of:

- the insurer premium component
- the administration premium component
- GST and stamp duty.

The full stamp duty payable on the premium is disbursed by the Regulator to RevenueSA. This occurs under a specific arrangement with the Commissioner of State Taxation under section 35 of the *Taxation Administration Act 1996* that is detailed in a Memorandum of Administrative Arrangement (MoAA) between the Regulator and Commissioner of State Taxation.

All premiums are collected by the Department of Planning, Transport and Infrastructure (DPTI), through the motor vehicle registration process using the Transport Regulation User Management Processing System.

DPTI disburses the insurer premium component and the associated GST to the relevant CTP Insurer and the stamp duty and administration premium component to the Regulator.

The administrative premium component of the premium is managed by the Regulator and funds various government agencies for:

- health and emergency services provided by SA Public Hospitals, SA Ambulance, and the Attorney-General's Department (State Rescue Helicopter and Forensic Science SA services) as a result of motor vehicle trauma
- road safety services provided by DPTI and SA Police designed to reduce the incidence or impact of road accidents and injuries
- customer support and transaction services provided by DPTI for the collection, recording and processing of premiums
- CTP Scheme regulation and administration services provided by the Regulator, including the operations of the Motor Accident Injury Accreditation Scheme.

These arrangements, with the exception of the services provided by the Regulator, are detailed in MoAAs between the Regulator and the individual government agencies.

## CTP Regulator

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2020

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#### 1.2. Objectives and programs (continued)

The Regulator has the following functions under the *Compulsory Third Party Insurance Regulation Act 2016* (CTPIR Act):

- to regulate approved insurers and perform any other function relating to approved insurers conferred on the Regulator under the *Motor Vehicles Act 1959*
- to determine premium amounts payable in respect of CTP insurance policies
- to determine the minimum terms and conditions of CTP insurance policies
- to monitor audit and review the operation and efficiency of the CTP insurance business
- to provide or facilitate the provision of information to consumers about the CTP insurance business and approved insurers
- to make monitor the operation of and review from time to time rules with approved insurers must comply and guidelines for approved insurers relating to:
  - the determination of premiums
  - the management of claims
  - dispute resolution
  - the provision of information to consumers
  - any other relevant matter
- to make recommendations to the Minister in relation to:
  - eligibility criteria for insurers seeking approval under Part 4 of the *Motor Vehicles Act 1959*
  - the terms and conditions of any undertaking agreement or contract entered into between the Minister and an approved insurer relating to the provision of CTP insurance
  - the assessment of an application from an insurer for approval or withdrawal of approved under Part 4 of the *Motor Vehicles Act 1959*
- to approve the novation of CTP insurance policies between approved insurers
- to regulate such other insurance business as may be prescribed by the regulations
- to administer the CTPIR Act
- to exercise any other function conferred on the Regulator by or under the CTPIR Act or any other Act.

#### *Nominal Defendant*

A Nominal Defendant claim arises where an at-fault vehicle is either uninsured or unidentified, as described in Part 4 of the *Motor Vehicles Act 1959*.

From 1 July 2016, the Regulator allocated Nominal Defendant claims to CTP Insurers and, assumed full responsibility for these claims from 1 January 2017.

#### *The Motor Accident Injury Assessment Scheme (MAIAS)*

On 20 February 2019 the Attorney-General appointed the Regulator as administrator for the MAIAS.

The South Australian MAIAS was established by the Attorney-General under section 76 of the *Civil Liability Act 1936* to accredit health professionals to undertake Injury Scale Value (ISV) medical assessments.

An ISV medical assessment is used to assist in determining an injured person's eligibility for compensation under the CTP Scheme.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**1.3. Impact of COVID-19 pandemic on the CTP Regulator**

The COVID-19 pandemic has had no material impact on the operations of the CTP Regulator.

**1.4. Significant transactions with government related entities**

Significant transactions with the SA Government are identifiable throughout this financial report.

In 2019-2020, these transactions are comprised of the Regulator's administered payments to SA Government agencies.



**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**2. Income**

**2.1. Administration premium component collections**

	2020	2019
	\$'000	\$'000
Hospital and emergency fees	31 515	28 524
Road safety fees	14 390	14 520
Customer support and transaction fees	10 693	11 646
CTP Scheme regulation and administration fees	8 577	6 652
<b>Total administration fees collected</b>	<b>65 175</b>	<b>61 342</b>

Premiums are collected from motorists by DPTI. The stamp duty and administration premium component of the total premiums are paid to the CTP Regulator. These are recognised as earned on the date of receipt in the Transport Regulation User Management Processing System. The stamp duty component of the total premium is shown under note 10.4 Administered Items.

**2.2. Interest**

	2020	2019
	\$'000	\$'000
Deposit account interest receipts	132	407
<b>Total interest revenues</b>	<b>132</b>	<b>407</b>

**2.3. Other income**

	2020	2019
	\$'000	\$'000
Recoveries for novated policy cancellations*	-	9
Recoveries from DTF**	-	117
Asset received free of charge***	-	965
Other	38	33
<b>Total other income</b>	<b>38</b>	<b>1 124</b>

\*These recoveries only apply to policies that were novated as at 1 July 2016, which in most cases had a policy term of 12 months or less.

\*\*These recoveries relate to one-off actuarial services for the Department of Treasury and Finance (DTF) associated with the Social Development Committee's Review of the Operation of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013* of \$97 000 and regional media communications associated with the CTP Scheme improvement projects of \$20 000 in 2018-19.

\*\*\*The book value of the CTP Regulator's Information Technology equipment and software assets at 30 June 2018 was transferred from the DTF to the CTP Regulator effective 1 July 2018. These assets were fully paid by the CTP Scheme.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**2.4. Resources received free of charge**

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	11	-
<b>Total resources received free of charge</b>	<b>11</b>	<b>-</b>

**3. Board, committees and employees**

**3.1. Key management personnel**

Key management personnel of the CTP Regulator include the Minister, the Chief Executive and the two members of the Executive team who have responsibility for the strategic direction and management of the Statutory Authority. Total compensation for key management personnel was \$752 000 in 2019-20 and \$781 000 in 2018-19.

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2020	2019
<u>Compensation</u>	<u>\$'000</u>	<u>\$'000</u>
Salaries and other short term employee benefits	690	713
Post-employment benefits	62	68
<b>Total</b>	<b>752</b>	<b>781</b>

**Transactions with Key Management Personnel and other related parties**

No significant transactions were identified between key management personnel and other related parties.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

**3.2. Employee benefits expense**

	2020	2019
	\$'000	\$'000
Salaries and wages	2 567	2 538
Employment on-costs - superannuation	282	304
Employment on-costs - payroll tax	159	178
Long service leave	128	431
Annual leave	241	418
Skills and experience retention leave	(10)	5
Other employee related expenses	19	22
<b>Total employee benefits expenses</b>	<b>3 386</b>	<b>3 896</b>

**Executive remuneration**

	2020	2019
	Number of employees	Number of employees
The number of employees whose remuneration received or receivable falls within the following bands:		
\$174 001 - \$194 000	-	1
\$194 001 - \$214 000	2	1
\$334 001 - \$354 000	1	-
\$354 001 - \$374 000	-	1
<b>Total</b>	<b>3</b>	<b>3</b>

The total remuneration received by those employees for the year was \$758 000 (\$781 000)

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

***Targeted voluntary separation packages***

No employees received a targeted voluntary separation package during the reporting period.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**3.3. Employee benefits liability**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Accrued salaries and wages	75	49
Annual leave	217	190
Long service leave	25	63
Skills and experience retention leave	11	9
<b>Total current employee benefits</b>	<b>328</b>	<b>311</b>
<b><u>Non-current</u></b>		
Long service leave	459	305
<b>Total non-current employee benefits</b>	<b>459</b>	<b>305</b>
<b>Total employee benefits</b>	<b>787</b>	<b>616</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

***Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave***

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at the reporting date.

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

***Long service leave***

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Details about the measurement of long service leave liability is provided as note 11.1.



**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**4. Expenses**

Employee benefit expenses are disclosed in note 3.2.

**4.1. Supplies and services**

	2020	2019
	\$'000	\$'000
Contractors and other outsourced services	605	1 077
Accommodation	259	257
Consultants	567	606
Legal costs	72	617
Service level agreement fees	322	239
Information technology expenses	234	234
General administration and consumables	51	101
Training and development	32	35
Minor works maintenance and equipment	9	9
Other	12	38
<b>Total supplies and services</b>	<b>2 163</b>	<b>3 213</b>

**Accommodation**

The CTP Regulator's accommodation is provided by the Department of Treasury and Finance (DTF) under a Memorandum of Administrative Arrangement issued in accordance with Government wide accommodation policies between DTF and the Department of Planning Transport and Infrastructure. This arrangement does not meet the definition of lease as set out in AASB 16.

**Consultants**

The number of consultancies and the dollar amount paid/payable to consultants that fell within the following bands:

	2020	2019	2020	2019
	Number	Number	\$'000	\$'000
\$10 000 or above	2	3	567	606
<b>Total paid or payable to consultants engaged</b>	<b>2</b>	<b>3</b>	<b>567</b>	<b>606</b>

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

**4.2. Depreciation and amortisation**

	2020	2019
	\$'000	\$'000
Intangible assets	278	278
IT equipment	42	42
<b>Total amortisation</b>	<b>320</b>	<b>320</b>

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as plant and equipment.

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. No adjustments were made during the reporting period.

**Useful life**

Depreciation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Office equipment – IT	5
Intangible assets	5

**4.3. Administration premium component distributions**

	2020	2019
	\$'000	\$'000
Hospital and emergency services	29 274	27 941
Road safety services	13 220	14 349
Customer support and transaction services	10 400	11 500
<b>Total administration fees</b>	<b>52 894</b>	<b>53 790</b>

The administration premium component of the total premium distributions are recognised on an accrual basis and cover the costs of a range of government services associated with the CTP Scheme. These arrangements with the exception of the services provided by the CTP Regulator are detailed in Memorandums of Administrative Arrangement between the CTP Regulator and individual government agencies service providers.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**4.4. Other expenses**

	2020	2019
	\$'000	\$'000
CTP Scheme improvement projects*	116	1 149
Medical practitioner payments**	77	121
Refunds for novated policy cancellations***	-	9
<b>Total other expenses</b>	<b>193</b>	<b>1 279</b>

**\*CTP Scheme Improvement Projects (one-off)**

The total expense for 2019-2020 relates to costs associated with the Transport Regulation User Management Processing System technical upgrades carried over from 2018-19.

**\*\*Medical Practitioner payments**

The Early Notification Form payment arrangement between the CTP Regulator and medical practitioners ceased 30 June 2020.

**\*\*\*Refunds for Novated Policy Cancellations.**

These payments only apply to policies that were novated as at 1 July 2016, which in most cases had a policy term of 12 months or less, that were subsequently cancelled by motorists.

**5. Non-Financial assets**

**5.1. Property, plant and equipment by asset class**

	2020	2019
	\$'000	\$'000
<b><u>Plant and equipment</u></b>		
IT equipment	226	209
Accumulated depreciation	(162)	(120)
<b>Total IT equipment</b>	<b>64</b>	<b>89</b>
 <b>Total property, plant and equipment</b>	 <b>64</b>	 <b>89</b>

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value.

**Impairment**

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**5.2. Property, plant and equipment**

**Reconciliation 2019-20**

	IT equipment \$'000	Total \$'000
Carrying amount at 1 July 2019	89	89
Additions	17	17
Depreciation	(42)	(42)
<b>Carrying amount at 30 June 2020</b>	<b>64</b>	<b>64</b>

**Reconciliation 2018-19**

	IT equipment \$'000	Total \$'000
Carrying amount at the beginning of the year	-	-
Additions	131	131
Amortisation expense	(42)	(42)
<b>Carrying amount at 30 June 2019</b>	<b>89</b>	<b>89</b>

**5.3. Intangible assets**

	2020 \$'000	2019 \$'000
<b><u>Computer software</u></b>		
Externally purchased software	1 390	1 390
Accumulated amortisation	(1 112)	(834)
<b>Total computer software</b>	<b>278</b>	<b>556</b>
<b>Total Intangible assets</b>	<b>278</b>	<b>556</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**5.3. Intangible assets continued**

**Reconciliation 2019-20**

	Externally purchased software \$'000	Total \$'000
Carrying amount at 1 July 2019	556	556
Amortisation	(278)	(278)
Carrying amount at 30 June 2020	<u>278</u>	<u>278</u>

**Reconciliation 2018-19**

	Externally purchased software \$'000	Total \$'000
Carrying amount at the beginning of the year	-	-
Additions	834	834
Amortisation expense	(278)	(278)
Carrying amount at 30 June 2019	<u>556</u>	<u>556</u>

**6. Financial assets**

**6.1. Cash and cash equivalents**

	2020 \$'000	2019 \$'000
Deposits with the Treasurer	34 552	12 832
<b>Total cash and cash equivalents</b>	<u><b>34 552</b></u>	<u><b>12 832</b></u>

**Deposits with the Treasurer**

The CTP Regulator's cash balance is held within the Department of Treasury and Finance's Operating Bank Account.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**6.2. Receivables**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Trade receivables	-	2
Other receivables	-	96
Prepayments	32	1
Accrued revenue	499	792
Accrued interest revenue	3	197
<b>Total current receivables</b>	<b>534</b>	<b>1 088</b>
 <b>Total current receivables</b>	 <b>534</b>	 <b>1 088</b>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Prepayments are recognised for amounts paid for services not rendered by 30 June 2020. Accrued revenues are recognised for the administration premium component of the total premium collection up to and including 30 June 2020 but not yet received.

Receivables, prepayments and accrued revenues are non-interest bearing.

Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.



**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.3.

**7.1. Payables**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Creditors and accrued expenses	18 071	3 618
Employment on-costs	48	44
<b>Total current payables</b>	<b>18 119</b>	<b>3 662</b>
<b><u>Non-current</u></b>		
Employment on-costs	43	28
<b>Total non-current payables</b>	<b>43</b>	<b>28</b>
<b>Total payables</b>	<b>18 162</b>	<b>3 690</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

***Employment on-costs***

Employment on-costs include payroll tax, and superannuation contributions and are settled when the respective employee benefits are discharged.

**7.2. Provisions**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Provision for workers compensation	4	4
<b>Total current provisions</b>	<b>4</b>	<b>4</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	8	5
<b>Total non-current provisions</b>	<b>8</b>	<b>5</b>
<b>Total provisions</b>	<b>12</b>	<b>9</b>

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The CTP Regulator is responsible for the payment of workers compensation claims.

**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**8. Other disclosures**

**8.1. Cash flow**

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of the operating cash flows.

***Reconciliation of net result to cash flows from operating activities***

	2020	2019
	\$'000	\$'000
<b><u>Reconciliation of cash and cash equivalents at the end of the reporting period</u></b>		
Cash and cash equivalents disclosed in the Statement of Financial Position	34 552	12 832
<b>Balance as per the Statement of Cash Flows</b>	<b>34 552</b>	<b>12 832</b>
<b><u>Reconciliation of net cash provided by/(used in) operating activities to net result</u></b>		
Net cash provided by/(used in) operating activities	21 737	1 448
<b><u>Add/(less) non-cash Items</u></b>		
Depreciation and amortisation expense	(320)	(320)
Assets transferred in	-	965
<b><u>Movement in assets and liabilities</u></b>		
Increase/(decrease) in receivables	(371)	419
(Increase)/decrease in payables	(14 472)	(1 512)
(Increase)/decrease in employee benefits	(171)	(616)
(Increase)/decrease in provisions	(3)	(9)
<b>Net result</b>	<b>6 400</b>	<b>375</b>



**CTP Regulator**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2020*

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**9. Changes in accounting policy**

**9.1. AASB 15 Revenue from Contracts with Customers**

AASB 15 Revenue from Contracts with Customers establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 supersedes AASB 111 Construction contracts, AASB 118 Revenue and related Interpretations and applies to all revenue arising from contracts with customers.

**Impact on retained earnings**

On transition, there was no impact on the CTP Regulators retained earnings.

**9.2. AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 Income of Not-for-Profit Entities establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 Contributions, AASB 118 Revenue and AASB 111 Construction Contracts. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

**Accounting policies on transition**

On transition, there was no impact on retained earnings.

**9.3. Presentation of Financial Statements**

Treasurer's Instructions (Accounting Policy Statements) issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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**10. Outlook**

**10.1. Unrecognised contractual commitments**

Commitments include expenditure commitments arising from contractual sources and are disclosed at their nominal value.

As at 30 June 2020, the CTP Regulator has contractual commitments for the provision of CTP Scheme actuarial services and internal audit functions as reported.

***Expenditure commitments***

	2020	2019
	\$'000	\$'000
No later than one year	495	412
Later than one year but not later than five years	54	81
<b>Total commitments</b>	<b>549</b>	<b>493</b>

**10.2. Contingent assets and liabilities**

***Ministerial Direction***

In accordance with the Ministerial Direction on Unearned Premium Payments by the Minister of Finance, dated 27 July 2016, the Motor Accident Commission (MAC) was requested to make payment of the administrative component of the unearned premium to the Department of Treasury and Finance (DTF) Operating Account. The payment was to be made at dates and amounts directed by the DTF Chief Executive to a total of \$21.623 million.

The DTF Chief Executive requested MAC make a payment of \$6.534 million on 4 August 2016. The balance remaining at 30 June 2020 is \$15.089 million. The payment of the remaining balance is subject to the direction of the DTF Chief Executive.

**10.3. Impact of standards and statements not yet effective**

The CTP Regulator has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

**AASB 1059 Service Concession Arrangements: Grantors**

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. The CTP Regulator has assessed its arrangements where operators provide services and has concluded that none of these will be within the scope of AASB 1059.

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**10.4. Administered items**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Administered income</b>		
Stamp Duty collected	41 353	54 242
<b>Total administered income</b>	<b>41 353</b>	<b>54 242</b>
<b>Administered expenses</b>		
Stamp Duty expenses	41 353	54 242
<b>Total administered expenses</b>	<b>41 353</b>	<b>54 242</b>
<b>Net result</b>	<b>-</b>	<b>-</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Administered assets</b>		
Receivables	323	596
Cash and cash equivalents	3 738	4 099
<b>Total administered assets</b>	<b>4 061</b>	<b>4 695</b>
<b>Administered liabilities</b>		
Payables	4 061	4 695
<b>Total administered liabilities</b>	<b>4 061</b>	<b>4 695</b>
<b>Net administered assets</b>	<b>-</b>	<b>-</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Taxation receipts	41 626	54 214
<b>Cash generated from operating activities</b>	<b>41 626</b>	<b>54 214</b>
<b>Cash outflows</b>		
Taxation payments	(41 987)	( 54 366)
<b>Cash used in operations</b>	<b>(41 987)</b>	<b>(54 366)</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>(361)</b>	<b>(152)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(361)</b>	<b>(152)</b>
Cash and cash equivalents at the beginning of the reporting period	4 099	4 251
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3 738</b>	<b>4 099</b>

**CTP Regulator**  
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**10.5. COVID-19 pandemic outlook for the CTP Regulator**

The COVID-19 pandemic is not expected to materially impact the operations of the CTP Regulator in 2020-21.

**10.6. Events after the reporting period**

No circumstance has arisen that has affected or may significantly affect the CTP Regulator's operations since 30 June 2020.

**11. Measurement and risk**

**11.1. Long service leave liability – measurement**

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance (DTF) has provided a basis for the measurement of long service leave liability and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departure and periods of service.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$44 000 and employee benefits expense of \$44 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF has reduced the salary inflation rate from 4% to 2.5% for long service leave liability.

**11.2. Financial instruments**

***Financial risk management***

The CTP Regulator's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

The CTP Regulator's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

***Liquidity risk***

The CTP Regulator is funded from the administrative premium component of the total premiums. The CTP Regulator notifies the Department of Treasury and Finance of the cash flows associated with its legislated functions and ensures funding is available to meet the expected cash flows.

***Credit risk***

The CTP Regulator has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the CTP Regulator.

***Expected credit loss***

The total outstanding debt for the CTP Regulator is immaterial and there is no material credit loss risk.



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**11.2. Financial instruments (continued)**

***Impairment of financial assets***

The CTP Regulator has not written off any receivables.

The CTP Regulator considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

***Market risk***

The CTP Regulator does not trade in foreign currency, nor enter into transactions for speculative purposes.

The CTP Regulator does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in *TI 23 Management of Foreign Currency Exposures*.

***Categorisation of financial instruments***

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

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**11.2. Financial instruments (continued)**

**Classification of financial instruments**

The Regulator measures all financial instruments at amortised cost.

The following table discloses categorisation and the maturity analysis of financial assets and financial liabilities.

			2020 Contractual maturities		
Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	Within 1 year	1-5 years	More than 5 years
			\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and cash equivalents	6.1	34 552	34 552	-	-
Receivables	6.2	-	-	-	-
<b>Total financial assets</b>		<b>34 552</b>	<b>34 552</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Payables	7.1	21	21	-	-
<b>Total financial liabilities</b>		<b>21</b>	<b>21</b>	<b>-</b>	<b>-</b>

			2019 Contractual maturities		
Category of financial asset and financial liability	Note	2019 Carrying amount / fair value \$'000	Within 1 year	1-5 years	More than 5 years
			\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash and cash equivalents	6.1	12 832	12 832	-	-
Receivables	6.2	2	2	-	-
<b>Total financial assets</b>		<b>12 834</b>	<b>12 834</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Payables	7.1	19	19	-	-
<b>Total financial liabilities</b>		<b>19</b>	<b>19</b>	<b>-</b>	<b>-</b>

**Receivables and payables**

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. All amounts recorded are carried at cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

