



2016-17 Annual Report

CTP Regulator
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Date Presented to Minister: 30 September 2017

To:

Hon. Tom Koutsantonis

Treasurer, Minister for Finance

This Annual Report is 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:



Signed:



Date:

Kim Birch

Chief Executive & CTP Regulator

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CTP Regulator's Report

I am pleased to provide this report as Compulsory Third Party (CTP) Insurance Regulator (Regulator) for the South Australian Scheme in our first year of operation. In 2015, the Government announced a market-based model for the private insurance sector to provide Compulsory Third Party (CTP) insurance, to commence from 1 July 2016. The Motor Accident Commission (MAC) ceased to provide CTP insurance cover for accidents occurring after 30 June 2016, but continues to manage claims for accidents which occurred prior to 1 July 2016. MAC also continues to manage Road Safety initiatives.

The new Scheme commenced on 1 July 2016, when the Regulator was established as an independent Statutory Authority under the Compulsory Third Party Insurance Regulation Act 2016 (CTPIR Act). Four private insurers have been approved to provide CTP Insurance for motor vehicle owners during the transition years until 30 June 2019, before a competitive Scheme commences on 1 July 2019 in which Approved Insurers can compete on service and price.

The Regulator is responsible for the functions outlined in section 5 of the CTPIR Act including the monitoring, auditing and review of Approved Insurer activities, and ensuring that a fair and affordable CTP Scheme is maintained. We have made significant progress since our commencement. Highlights in our first year include the development of our Mission, Vision, Values and Strategic Objectives. Our organisation structure is in place, and we have recruited a full complement of staff to specialist roles.

Our project team commenced development of the new Competition Model for the South Australian CTP Scheme. We are consulting widely with industry stakeholders and have conducted a review of CTP schemes around Australia and internationally to develop a CTP insurance underwriting model for the benefit of the South Australian motoring community.

Building from the experience of, and lessons learned from other privately underwritten CTP schemes, we intend to complete the design in the next financial year and also settle most of the implementation details ahead of commencement on 1 July 2019. The model we are building will provide motorists with an enabled environment to select their chosen CTP insurer in an informed way. Motor vehicle owners will benefit from price and customer service competition from the Approved Insurers.

A new, innovative Injury Recovery Framework is also being developed to support our objective of enhancing outcomes for injured claimants, through reasonable and appropriate evidence-based medical and allied health interventions. We are working with the medical and allied health providers, and leading researchers along with Approved Insurers and other industry stakeholders to develop the Framework. As a result, our intention is to provide claimants with evidence based pathways to achieve injury recovery which supports our aim to keep downward pressure on CTP premiums and affordability for motorists.

Thank you to all of our staff and stakeholders for your support to date. As CTP Regulator, I and my team are focused on delivering a high performing, competitive CTP Scheme that offers choice, ease and confidence to the South Australian community.

Kim Birch
CTP Regulator and Chief Executive

1. The CTP Scheme and the Regulator

1.1 The CTP Insurance Scheme

Compulsory Third Party Insurance (CTP) is paid at the same time as motorists pay their vehicle registration. It is compulsory for motorists to pay the CTP insurance premium in the one transaction with vehicle registration.

Our CTP Scheme is a fault based scheme meaning those people injured through motor vehicle trauma may be eligible for compensation where the owner or driver or a passenger of the vehicle is at fault. The Scheme also provides reasonable and necessary treatment, care and support for children under the age of 16 years injured in a road crash on South Australian roads, regardless of whether the child or a South Australian registered motor vehicle was at fault. The CTP Scheme is complemented by the Lifetime Support Scheme (LSS) which provides care, treatment and support for people who have sustained very serious lifelong injuries as a result of motor vehicle trauma in South Australia. The LSS is administered by the Lifetime Support Authority in accordance with Part 2 of the *Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013*.

By paying the CTP Insurance premium, motorists are protecting themselves from potentially being liable for damages if they cause injury to other road users.

In South Australia, claims for compensation under the Scheme are fault-based common law claims as modified by statute, principally the *Civil Liability Act 1936*. The CTP insurance policy insures the "owner of the motor vehicle to which the policy relates, and any other person who at any time drives or is a passenger in or on the vehicle, whether with or without the consent of the owner, in respect of all liability that may be incurred by the owner or other person in respect of the death of, or bodily injury to, any person caused by, or arising out of the use of, the vehicle in any part of the Commonwealth". (Section 104 (1) (a) of the *Motor Vehicles Act 1959*).

In 2015, the South Australian Government announced a market-based model for the private insurance sector to provide Compulsory Third Party (CTP) insurance, from 1 July 2016. After a rigorous process, four private insurers (Approved Insurers) were approved by the South Australian Government to provide CTP insurance. AAMI, Allianz, QBE and SGIC now underwrite the Scheme and manage the claims against their policies of insurance.

South Australian registered vehicles are randomly allocated to one of the four Approved Insurers, on the basis of the Approved Insurer's market share during the first three transition years. The Approved Insurers are required to provide the same CTP Insurance product at the same price, so there is no difference for motor vehicle owners in being with any particular insurer.

From 1 July 2019, the CTP Scheme will provide motor vehicle owners with a choice to select their preferred CTP insurer. This model will provide price and customer service competition for the benefit of motor vehicle owners, as well as the potential for other add-on consumer benefits from the Approved Insurers.

1.2 The CTP Insurance Regulator

1.2.1 The South Australian CTP Scheme

As a result of the private insurer underwritten Scheme which commenced on 1 July 2016, the the Regulator was established as an independent Statutory Authority under the *Compulsory Third Party Insurance Regulation Act 2016 (CTPIR Act)*.

The Regulator is a CTP insurance industry specific body with the capacity and experience to engage with key stakeholders, to design and implement the preferred CTP Competition Model and provide ongoing regulation of the CTP Scheme.

The functions of the Regulator are outlined in Section 5 of the *CTPIR Act 2016*. The Regulator:

- regulates Approved Insurers;
- determines premium amounts payable for CTP insurance policies;
- monitors, audits and reviews the operation and efficiency of the CTP Scheme;
- provides information to consumers about the CTP insurance business and Approved Insurers;
- develops, monitors and reviews the operation of rules and guidelines of Approved Insurers relating to:
 - determination of premiums;
 - management of claims;
 - dispute resolution; and
 - provision of information to consumers.
- makes recommendations to the Minister in relation to:
 - eligibility criteria for insurers seeking approval under part 4 of the *Motor Vehicles Act 1959 (MVA)*;
 - terms and conditions of any agreement or contract entered into between the Minister and the Approved Insurer;
 - assessment of an application from an insurer under Part 4 of the *MVA*.

Section 22 of the *CTPIR Act* describes the powers of the Regulator during the transition years, with the Regulator's full authority to come into effect on 1 July 2019.

Claims are lodged with the Approved Insurer of the at-fault vehicle. The Regulator also assists claimants and motor vehicle owners with:

- understanding the Scheme;
- identifying the Approved Insurer of the reported at-fault vehicle; and
- outlining the process to lodge a claim.

1.2.2 Nominal Defendant claims

Nominal Defendant claims arise where the at-fault vehicle is either uninsured or unidentified. From 1 July 2016, the Regulator began allocating Nominal Defendant claims to Approved Insurers, and from 1 January 2017 assumed full responsibility for these claims from MAC as part of its functions in Part 4 of the *Motor Vehicles Act 1959*.

1.2.3 Motor Accident Injury Assessment Scheme

On 1 July 2016, the administrative and financial responsibility of the Motor Accident Injury Assessment Scheme (MAIAS) was transitioned from MAC to the Regulator. MAIAS was established by the designated Minister (the South Australian Attorney-General) under section 76 of the *Civil Liability Act 1936* to accredit health professionals to undertake Injury Scale Value (ISV) medical assessments and reports. These reports assist in determining an injured person's entitlement for certain types of compensation such as non-economic loss, gratuitous services and future economic loss, which are subject to thresholds based on the ISV of the injuries sustained.

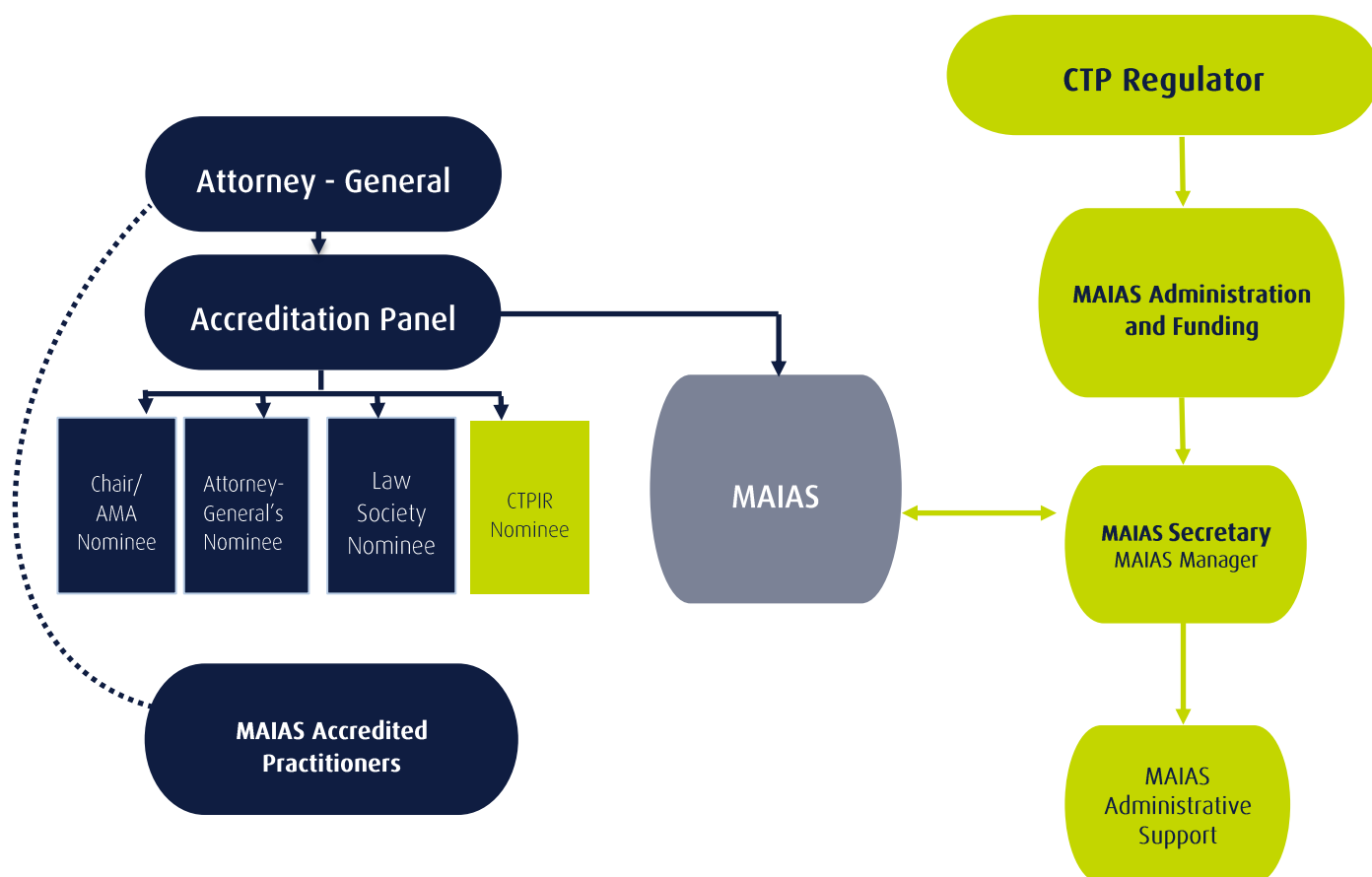
A key objective of MAIAS is to create independent, objective and reliable medical assessments by accredited health professionals, to assist the claimant and the Approved Insurer in the determination of the ISV.

MAIAS has introduced standardised assessment tools, and overseen the implementation of accreditation training courses, and a quality assurance program to ensure conformity with accreditation criteria. The results of a recent quality assessment review will be provided to Accredited Health professionals later in 2017.

“The CTP Insurance Regulator was established as an independent Statutory Authority under the Compulsory Third Party Insurance Regulation Act 2016.”

Figure 1 below outlines the relationship between MAIAS stakeholders.

Figure 1: The Motor Accident Injury Assessment Scheme Model



1.3 Our Vision & Mission

The Regulator supports the achievement of South Australia’s Strategic Priority “an affordable place to live”, by ensuring downward pressure is kept on premiums so that the Scheme is affordable for the motoring citizens.

Our Vision is to deliver a high performing, competitive CTP Scheme that offers choice, ease and confidence to the South Australian community.

Our Mission is to carry out the functions of the Regulator as outlined within section 5 of the *CTPIR Act*.

1.4 Our Values

Accountability	Empowered, courageous, decision-making, assurance
Collaborative	Engaging, team work, initiative, flexible
Independent	Responsible, trust, confidence, integrity, objective
Respect	Provide service, listen, fair, equitable, empathetic
Solution focussed	Inspiring, innovative, continuous improvement, learning, outcomes, timely

***“Our Vision is to deliver a
high performing, competitive CTP Scheme
that offers choice, ease and confidence
to the South Australian community.”***

1.5 Our Strategic Objectives

Strategic Objective	Description
Deliver a financially sustainable Scheme that minimises cost.	The Scheme is funded by the motorists of South Australia. Keeping the Scheme affordable is an important part of our role. We will closely monitor Scheme performance to identify cost pressures to keep downward pressure on premiums.
Appropriate benefits are paid to claimants.	The Scheme provides for an injured person to make a claim, access appropriate benefits within the legislative and Scheme frameworks, in the most efficient way, and that payments appropriately reflect the injured person's circumstances.
An outcomes driven, recovery and service focused approach to claims management.	The Scheme Performance Framework supports our mission to provide oversight, monitoring and reporting of Approved Insurer activities, and places the emphasis on injury recovery and early intervention, and the early resolution of claims.
Statutory obligations are met.	As an independent Statutory Authority, we ensure all legislative, contractual and Scheme obligations are met. This includes the regulation and monitoring of Approved Insurers. We will continuously review our Compliance Framework during the transition years as we undertake our Scheme compliance activities.
Lead the ongoing development of an efficient, competitive and viable CTP Insurance Scheme.	We establish key policies, systems and processes to support the Competition Scheme in 2019. Engagement with the South Australian community will inform our communication strategy and ensure motorists are active participants in the design of the CTP Scheme.
Build the capability of our team and our infrastructure to deliver on our Vision and Mission.	During 2016-17, we recruited to our organisation structure. An important aspect of delivering on our Vision and Mission is ensuring that our team continues to develop its collaborative culture to meet our obligations, and demonstrate our organisational values.

1.6 Our Achievements and Outcomes

1.6.1 Scheme Monitoring and Performance

The Regulator is responsible for the monitoring, audit and review of Approved Insurer activities in South Australia.

Key Achievements in 2016-17 include that we:

- developed and implemented a Scheme Performance Framework to ensure oversight, monitoring and reporting of Approved Insurer activities;
- established a Compliance Framework to ensure Approved Insurer compliance with legislative and contractual obligations;
- reviewed the claims performance of Approved Insurers to ensure fair and equitable claims management practices are in place;
- commenced establishment of an Injury Recovery and Early Intervention Framework with a review of existing standards and resources to model unique delivery tools;
- commenced stakeholder engagement with Approved Insurers and health and rehabilitation providers regarding treatment and recovery;
- implemented a Personal Injury Register system that collects claims data from Approved Insurers and allows business users to review details through an intuitive, user friendly interface;
- established Business Intelligence infrastructure that includes a central data warehouse for all corporate data, and business reporting and data analysis tools;
- developed regular benchmark reporting, allowing Approved Insurers to compare their outcomes against industry benchmarks;
- established procedures for receiving administrative fees that form part of the CTP insurance premium payable by motorists, and remitting these payments to SA Health, SA Ambulance Service and other parties; and
- monitored the assignment of the automatic allocation of CTP insurance policies to Approved Insurers according to their market share.

1.6.2 Supporting the Regulator

To support the Regulator in carrying out the responsibilities required under relevant legislation, the organisation has focused on defining our Vision, Values, organisation structure and Strategic Objectives for the transition years and beyond. In line with these, specialist staff have been recruited to support and enable the Regulator.

Key Achievements in 2016-17 include that we:

- established our Vision, Mission, Values and Strategic Objectives;
- developed an organisation structure;
- completed recruitment of all office staff;
- developed policies and procedures and a compliance framework to support staff in delivering against our statutory obligations;
- established and implemented the Regulator's Corporate Governance model;
- developed a project management framework that ensures clear visibility and management of the tasks, and promotes collaboration across functional teams;
- established positive working relationships with key stakeholders including the Australian Prudential Regulation Authority;
- implemented a Communications Plan to facilitate ongoing collaboration; and
- met all financial and regulatory obligations.

1.6.3 Competition Model Development

The Regulator is responsible for the development of a Competition Scheme to be effective for CTP policies due on or after 1 July 2019. This includes determining the rules governing competition, the mechanism of CTP insurance purchase by motor vehicle owners, the basis of premium setting, and the method of premium regulation by the Regulator.

Key Achievements in 2016-17 include that we:

- consulted face-to-face with a wide range of industry stakeholders;
- reviewed CTP Schemes in Australia and internationally to assess various CTP insurance models;
- developed a Discussion Paper for consultation with Approved Insurers, regarding options for the future South Australian Competition Scheme;
- conducted motorist market research to ensure motor vehicle owners are active participants in the co-design of the key features of the Competition Scheme.

1.6.4 MAIAS

Key achievements in 2016-17 include that we:

- transitioned the administration and funding of MAIAS from MAC;
- commenced the quality assurance program for the MAIAS Accreditation Scheme to ensure:
 - compliance with accreditation obligations;
 - the appropriate delivery of ISV medical assessment services and reports; and
 - expected service standards are met.
- engaged with medical and other allied health professionals.

“Our goal is to balance the needs of motor vehicle owners and claimants to deliver a stable and performing Scheme.”



2. Scheme Data

The Personal Injury Register (PIR) is a central register of claims which is maintained by the Regulator. The PIR records claims data including those claims made against the Nominal Defendant, where the at-fault vehicle is unknown or is uninsured. The database of claims statistics is a key tool used by the Regulator to monitor the CTP Scheme, and ensure compliance by Approved Insurers with their legislative and contractual obligations.

Access to this data enables effective monitoring, reporting and oversight of Approved Insurer activities to meet a key function of the Regulator - to ensure a fair and affordable Scheme is maintained. Claims data is utilised in a way which ensures an individual claimant's privacy is maintained.

Given the Regulator has only been responsible for the South Australian CTP Scheme since 1 July 2016, information and data relating to the operation of the Scheme and claims experience is limited at this time for claims lodged after this date.

During the past financial year 2,313 claims were reported to the Regulator and allocated to Approved Insurers, and 340 accepted claims were closed. The majority of claims closed were those requiring payment of short term medical treatment and loss of income for those who suffered minor injuries. For those persons who have sustained injuries other than minor injuries, these claims are yet to be closed.

Before final assessment can be made of the injured person's entitlement to compensation, a person's condition must have stabilised, in order to determine the person's ISV.

The ISV is used to assist in determining an injured person's entitlements to compensation for certain heads of damage such as future loss of earning capacity, and non-economic loss, subject to certain thresholds. The ISV is a measure of the injury and reflects the level of adverse impact of the injury on the injured person, and assigns a value between 0 and 100 for an injury, based on medical evidence.

As it may take a number of years for medical stability to be reached, there is limited data able to be reported at this time.

Tables 1-3 and Figures 2-4 outline various CTP Scheme, claims and CTP premium data for 2016-17.

Table 1 below outlines the relationship between CTP premiums (for Class 1) against South Australian State average weekly earnings*, which is a common indicator of premium affordability used in CTP Schemes. The table indicates there was no significant change in the affordability of premiums, as a percentage of average weekly earnings, as a result of the premium increase that occurred as at 1 July 2017.









Table 1: Ratio of Class 1 CTP Premiums to State Average Weekly Earnings*

	Annual Premium (\$)	AWE* (\$)	%
2016-17	389	1348.2	28.9
2017-18	400.75	1414.9	28.3

*Source: Australian Bureau of Statistics Average Weekly Earnings data series A84989336X (Earnings; Persons; Full Time; Adult; Ordinary time earnings; South Australia).

Table 2 below provides an overview of the number and type of registered vehicles in South Australia as at 1 July 2016 and 30 June 2017. The number of registered vehicles increased by 1.6% over the financial year, in line with actuarial expectations.

Table 2: South Australian registered vehicle fleet size*

Type of Vehicle		Number as at 1 July 2016	Number as at 30 June 2017
	Cars, station wagons and utes	1,203,276	1,223,240
	Trailers	338,962	345,103
	Motorcycles	45,371	45,830
	Trucks	41,922	41,715
	Panel vans	35,463	35,699
	Tractors	30,424	30,554
	Prime movers	8,287	8,514
	Buses	4,094	4,088
	Other	28,986	29,653
	Total	1,736,785	1,764,396

* Source: SA Department of Planning, Transport and Infrastructure data reported at www.data.sa.gov.au.

Figure 2 outlines claims activity in the past financial year. As at 30 June 2017, of 2,313 reported claims, 1,897 were accepted, 111 were rejected and 305 were awaiting liability determination.

Figure 2*: Claims Activity in 2016-17



* Source: CTP Regulator Personal Injury Register Database.

Table 3 below outlines the breakdown of reported claims by gender and by age bands.

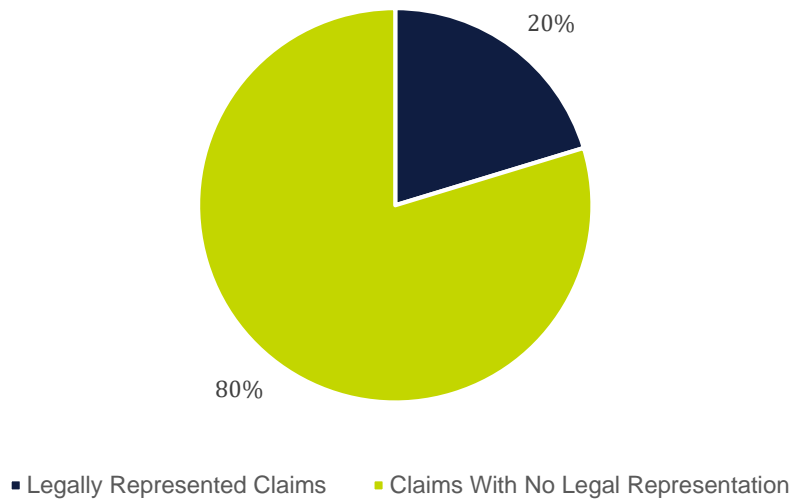
Table 3*: Claims Reported by Gender and Age Band

	All People	Female	Male
All ages	2,313	1,319	994
Under 5	24	6	18
5 to 15	87	44	43
16 to 24	327	196	131
25 to 34	460	277	183
35 to 44	398	233	165
45 to 54	396	214	182
55 to 64	307	169	138
65 to 74	191	105	86
75 to 84	94	57	37
85 or older	29	18	11

*Source: CTP Regulator Personal Injury Register Database.

Figure 3 depicts the percentage of claims reported in 2016-17 where claimants had legal representation.

Figure 3: Claims with Legal Representation (as a % of all claims)*



*Source: CTP Regulator Personal Injury Register Database.

Figure 4 below outlines the time taken from claim notification to acceptance or rejection of the claim by Approved Insurers. The figure demonstrates that the majority of claims had liability determined within the first two months. Timely liability determination is important for applying early intervention and injury recovery strategies.

Figure 4: Distribution of Claims from claim notification to liability determination, as at 30 June 2017.*



* Source: CTP Regulator Personal Injury Register Database. For claims notified between 1 July 2016 and 31 December 2016.

3. Our Community

3.1 Enquiries to the Regulator

The Regulator receives enquiries from a number of channels, primarily by telephone (56%^{*}). The toll free Enquiries Line has been in place since the Regulator's commencement on 1 July 2016, to assist those with questions regarding the Scheme.

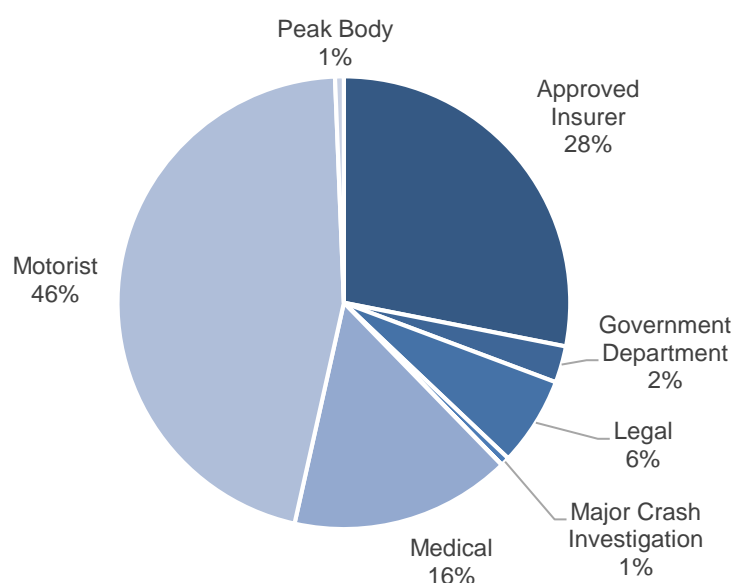
Table 4 and Figure 5 below outline the source of all enquiries received during the past year. Understanding the types of enquiries received has enabled the Regulator to develop relevant information for our stakeholders on our website at www.ctp.sa.gov.au.

Table 4: Total Enquiries to the Regulator in 2016-17, by Source and Number*

Enquiry Source	Number
Motorist	5,608
Approved Insurer	3,435
Medical	1,929
Legal	777
Government Department	320
Major Crash Investigation	78
Peak Body	77
Media	2
Total	12,226

^{*}Source: CTP Regulator Customer Relationship Management System

Figure 5: Total Enquiries to the Regulator in 2016-17, by Source and Percentage*



^{*}Source: CTP Regulator Customer Relationship Management System

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3.2 Motorist Market Research

We are committed to consulting, engaging and informing widely across key stakeholders, including the motoring public of South Australia.

During the first half of 2017, we undertook market research to develop an understanding of the general public's knowledge of CTP insurance changes, and preferences towards elements of the CTP Insurance Scheme.

The market research used a combination of focus groups and face to face, telephone and online surveys to effectively collect qualitative and quantitative data from an adequate sample size of the broader general motoring public.

Across the face to face, telephone and online survey tools a total of 771 surveys were captured and analysed as part of the CTP insurance market research. This is almost double the number of surveys required to satisfy survey validity requirements for market research¹.

The outcome of our engagement and research this year has assisted us in ensuring that motorists are active participants in co-designing the key features of the Competition Scheme.

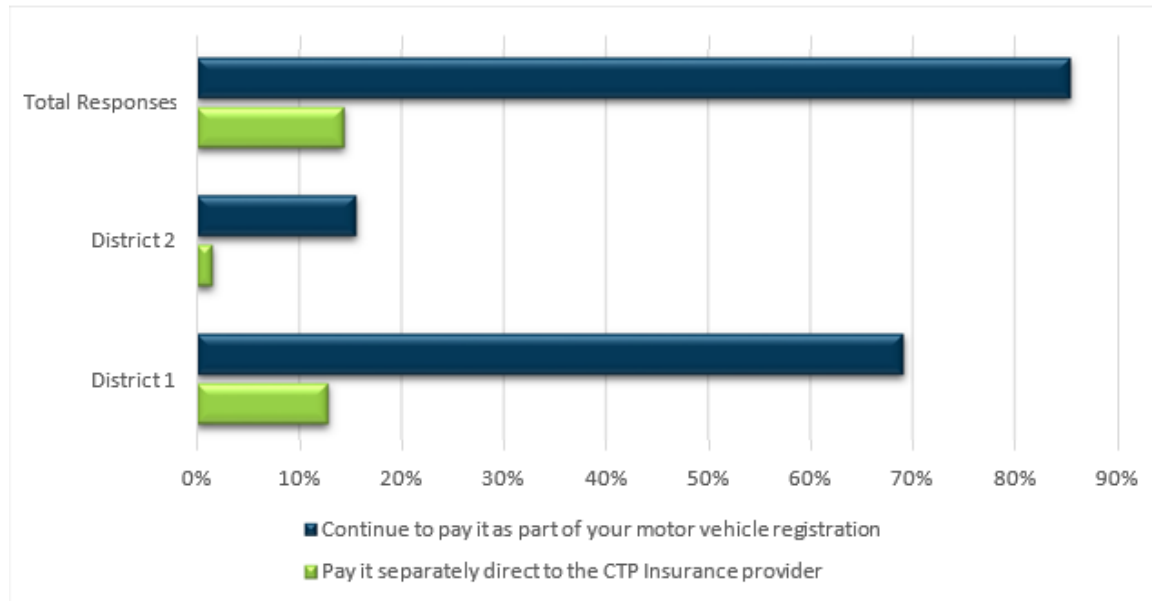
Some of the key findings of the market research are outlined below.

3.2.1 *Preferences relating to how CTP insurance is paid*

Respondents were asked to indicate a preference as to how their CTP insurance is paid. Figure 6 shows that 86% of the total respondents indicated that they would like to continue to pay for CTP insurance as part of their motor vehicle registration as opposed to the 14% that indicated that they would like to pay for it separately direct to the insurance provider.

¹ For validity of results, the Regulator considers 400 responses a sufficient number to reflect the views of the SA general public. This is consistent with the guidelines from the South Australian government YourSAy website. YourSAy is an online consultation hub for the South Australian community to provide input on government decisions. YourSAy is managed by the Better Together team, which is a part of the Department of the Premier and Cabinet.

Figure 6*: Preferences relating to how CTP insurance is paid



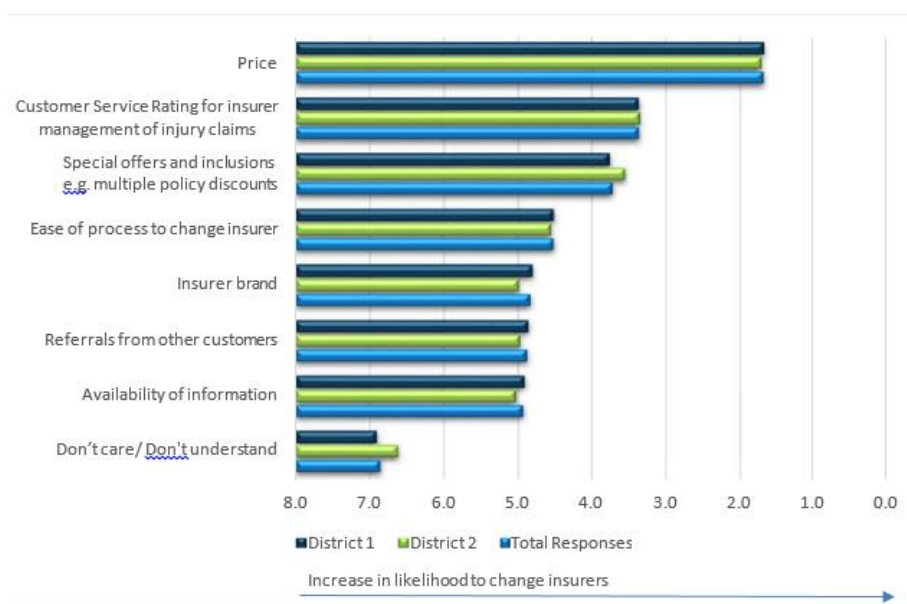
* Source: CTP Regulator Motorist Market Research 2017

3.2.2 Reasons for changing CTP Insurer

Respondents were asked to rank in order of likelihood (with 1 being the most likely), what incentives or information would entice them to change CTP Insurers. Consistent with the focus groups, price received the highest average ranking of 1.7 amongst all respondents and was consistent across Insurance Rating District 1 and Insurance Rating District 2.

Figure 7 highlights that this is followed by Customer Service Rating for the insurers' management of claims (average rating of 3.4), special offers and inclusions (average rating of 3.7). Ease of the process to change the insurer, insurer brand, referrals from other customers and availability of information all received similar rankings of between 4.5 and 4.9.

Figure 7*: Ranking of reasons to change CTP Insurer

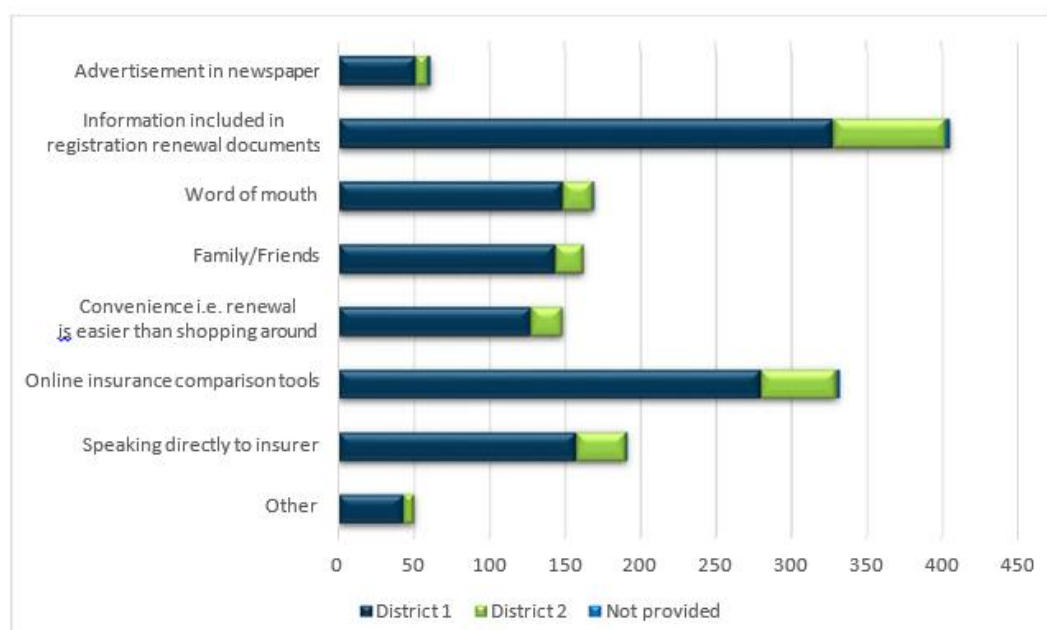


* Source: CTP Regulator Motorist Market Research 2017

3.2.3 Forms of information to assist in selecting a CTP Insurer

When asked what form of information would help them choose a CTP insurer, respondents indicated a strong preference to have information included in the registration renewal documents or provided online via comparison tools, as illustrated in Figure 8.

Figure 8*: Forms of information to assist in selection of CTP insurance provider



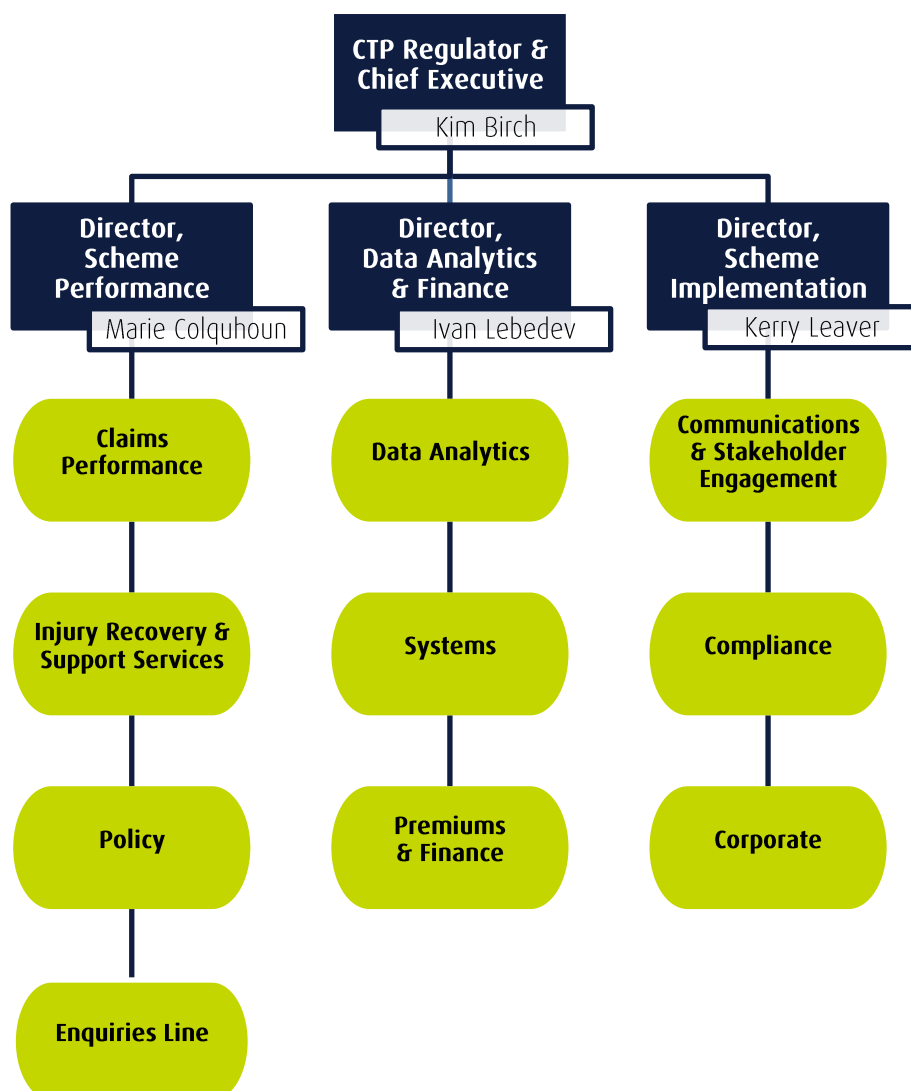
* Source: CTP Regulator Motorist Market Research 2017

4. Regulator and Scheme Structure

4.1 Our Organisation Structure and Functions

Figure 9 outlines the structure of the Regulator including the Executive Team and three Directorates, and the various functions performed within each.

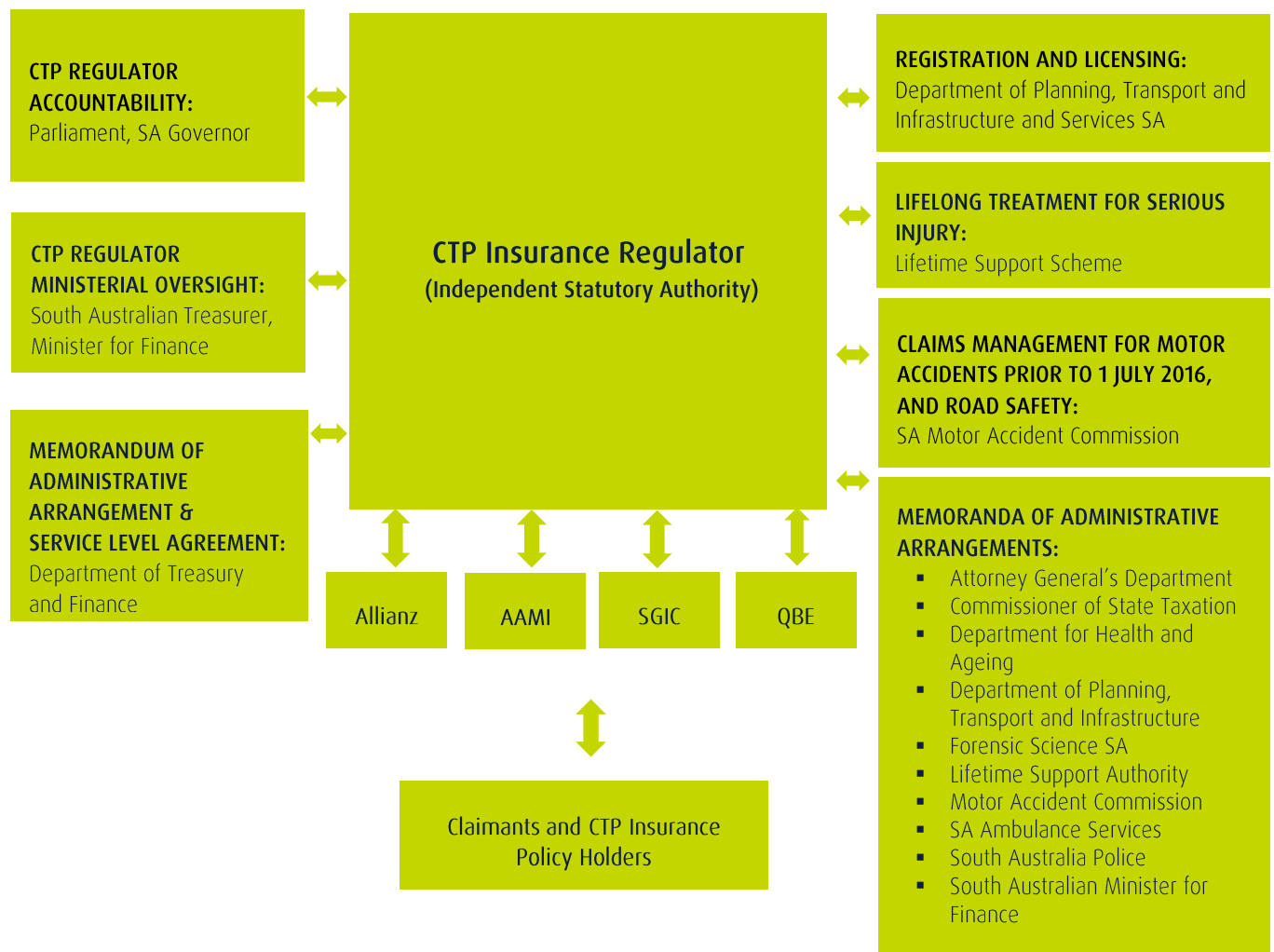
Figure 9: Our Leadership Team and Responsible Functions



4.2 Other Agencies Related to this Agency

The Regulator has Memoranda of Administrative Arrangements (MOAA's) in place through to 30 June 2019 with various government agencies relating to CTP Scheme Administration. This includes the payment of administrative fees for services provided by government departments relating to claims for injured persons as a result of motor vehicle accidents. The Regulator also has a Service Level Agreement in place with the SA Department of Treasury and Finance (DTF) for the provision of corporate services. These relationships are depicted within Figure 10. These arrangements will be reviewed as part of the transition to the Competition Scheme.

Figure 10: CTP Insurance Regulator Stakeholder Relationships



5. Reporting

5.1 Fraud

5.1.1 Fraud detected within the agency

There have been no reported instances of actual, suspected or alleged fraud taking place at the office of the Regulator in the 2016-17 financial year.

5.1.2 Strategies implemented to control and detect fraud

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

- segregation of duties;
- delegations of authority; and
- system controls that support segregations of duties and delegations.

Other activities implemented during the year that support fraud prevention include:

- an external and internal audit function and fraud risk register;
- a robust induction program, and staff training and education on policies and procedures;
- the expectation of staff adherence to the Public Sector Code of Conduct; and
- an annual Conflict of Interest Declaration process for all staff.

5.2 Whistle-blowers' Disclosure

The Regulator utilised DTF's responsible officer for the purposes of the *Whistleblowers' Protection Act 1993* (WPA) pursuant to Section 7 of the *Public Sector Act 2009*. There were no instances of disclosure of public interest information to a responsible officer of DTF under the WPA arising from the Regulator.

5.3 Freedom of Information

The Regulator's CTP Claims Management function, as it relates to individual claims, is exempt under the *Freedom of Information Act, 1991*. The Regulator's current Freedom of Information Statement can be found at www.ctp.sa.gov.au.

The Regulator's obligations under the *FOI Act* were varied by the *Variation of Freedom of Information (Exempt Agency) Regulations 2008*, published in the Government Gazette, which took effect from 16 February 2017. The Regulator has been declared an exempt agency in respect of the following classes of information:

- information relating to a claim or action under Part 4 of the *Motor Vehicles Act 1959*; and
- information gained under Part 3 of the *CTPIR Act 2016* that is confidential information within the meaning of section 17(1) of that Act.

The Regulator did not receive any Freedom of Information requests during the 2016-17 financial year.

5.4 Use of Consultants

The Regulator has utilised the services of various external consultants during the 2016-17 financial year, to establish our functions and undertake specific operational and CTP Scheme reform outcomes.

During our first year, the Regulator appointed consultants at a total cost of \$2.4 million.

6. Complaints and Dispute Management

The Regulator promotes a culture that values complaints and is committed to their effective resolution. The Regulator has a clear policy and procedure enabling timely and considered response to complaints, which also provides learnings to deliver ongoing improvements to the Scheme.

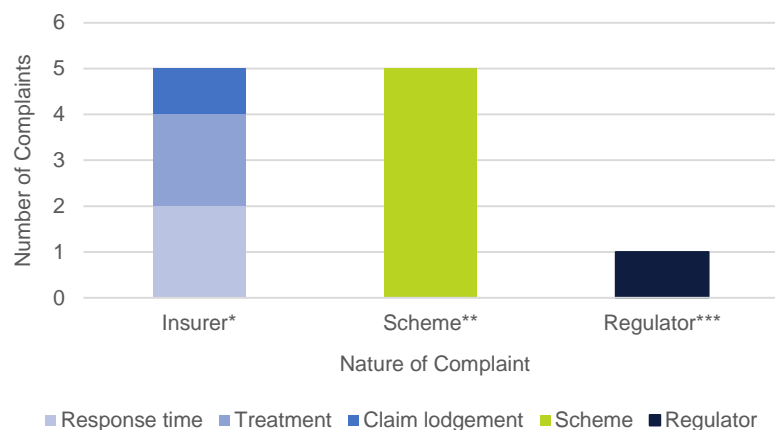
During the 2016-17 financial year, a total of 11 complaints were received. These were categorised as follows:

- five complaints against Approved Insurers;
- five complaints against the Scheme; and
- one complaint against the Regulator.

All complaints received were appropriately addressed. Each one resulted in a review of stakeholder information, and the Regulator's processes and procedures.

Figure 11 below provides an overview of the number and type of complaints received in 2016-17.

Figure 11: Number of Complaints Received in 2016-17 by Nature of Complaint*



***Insurer:**

relates to a complaint received regarding an Approved Insurer or the management of a claim.

****Scheme:**

relates to a complaint received in regards to the Scheme ie Legislation, Regulations or Rules.

*****Regulator:**

relates to a complaint received regarding the Regulator.

*Source: CTP Regulator Customer Relationship Management System

7. Financial Statements

CTP Insurance Regulator
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000
Expenses		
Administration fee distributions	5	56 535
Other expenses	6	5 163
Total expenses		61 698
Income		
Administration fees collected	7	58 073
Interest revenue	8	228
Other revenues	9	10 178
Total income		68 479
Net result		6 781
Total comprehensive result		6 781

The net result and total comprehensive result are attributable to the SA Government as owner.

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

CTP Insurance Regulator
Statement of Financial Position
for the year ended 30 June 2017

	Note	2017 \$'000
Current assets		
Cash and cash equivalents	10	9 282
Receivables	11	1 127
Total current assets		10 409
Total assets		10 409
Current liabilities		
Payables	12	3 628
Total current liabilities		3 628
Total liabilities		3 628
Net assets		6 781
Equity		
Retained earnings		6 781
Total equity		6 781

The total equity is attributable to the SA Government as owner.

	Note
Unrecognised contractual commitments	13
Contingent assets and liabilities	15

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

CTP Insurance Regulator
Statement of Changes in Equity
for the year ended 30 June 2017

	Retained Earnings \$'000	Total equity \$'000
Balance as at 1 July 2016	-	-
Net result for 2016-17	6 781	6 781
Total comprehensive result for 2016-17	6 781	6 781
Balance at 30 June 2017	6 781	6 781

All changes in equity are attributable to the SA Government as owner.

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

CTP Insurance Regulator
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000
Cash flows from operating activities		
Cash outflows		
Payments for administration fees		(53 040)
Payments for other expenses		(5 030)
Cash (used in) operations		(58 070)
Cash inflows		
Receipts from administration fees		57 574
Other receipts		9 567
Interest received		211
Cash generated from operations		67 352
Net cash provided by operating activities		9 282
Net increase / (decrease) in cash and cash equivalents		9 282
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	10	9 282

CTP Insurance Regulator

Notes to and forming part of the Financial Statements

for the year ended 30 June 2017

1 Objectives of the Regulator

The Compulsory Third Party Insurance Regulator (the Regulator) is established as an independent statutory authority under the *Compulsory Third Party Insurance Regulation Act 2016* (CTPIR Act).

The Regulator is responsible for the oversight, monitoring and reporting of approved CTP insurer activities in the South Australian market, ensuring that a fair and affordable CTP Insurance Scheme (Scheme) is maintained, continuing to improve Scheme outcomes for injured persons, and having oversight of the CTP insurance premium setting process.

The Regulator is responsible for leading the ongoing development of an efficient, competitive, and viable CTP insurance industry in South Australia.

In the 2014-15 State Budget, the Government announced that from 30 June 2016, the Motor Accident Commission (MAC) would cease its statutory role as the sole provider of Compulsory Third Party Insurance in South Australia, with the provision of CTP Insurance opened to the private sector from 1 July 2016.

Under the new arrangements:

- Four private CTP Insurers (AAMI, Allianz, QBE and SGIC) have been approved to write CTP Insurance Premiums in South Australia from 1 July 2016. Each insurer was allocated an initial share of the CTP Market.
- A CTP Insurance Regulator was established under the *Compulsory Third Party Insurance Regulation Act 2016* to oversee and regulate the CTP Insurance Market in South Australia.
- MAC will continue to manage the CTP Insurance claims portfolio as at 30 June 2016 and associated liabilities & assets and perform the State's Road Safety Program.

From 1 July 2016, the total scheduled CTP Insurance Premium is made up of:

- The Insurer Premium Component (including GST), and
- Stamp Duty and Administration fees.

All Premiums are collected by the Department of Planning, Transport and Infrastructure (DPTI), through the registration process using the Transport Regulation User Management Processing System (TRUMPS). TRUMPS has integrated front end processes within DPTI and Service SA (SSA) to allow motorists to register their vehicles through various methods.

DPTI disburses the Insurer Premium component and the associated GST to the relevant CTP Insurer and the Stamp Duty and Administration fees to the CTP Insurance Regulator.

The components of the CTP Insurance premium managed by the CTP Insurance Regulator are:

- The full stamp duty payable on the CTP Insurance Premium, disbursed by the CTP Insurance Regulator to RevenueSA. This occurs under a specific arrangement with the Commissioner of State Taxation under s35 of the *Taxation Administration Act 1996*.
- A health care component which will fund disbursements by the CTP Insurance Regulator to SA Public Hospitals and other relevant SA Government health care providers. This includes Bulk Hospital, Bulk Ambulance and the State Rescue Helicopter.
- A road safety component which will fund disbursement by the CTP Insurance Regulator to the Motor Accident Commission for the State's Road Safety Program.

- A collection fee (DPTI) which will fund disbursement by the CTP Insurance Regulator to DPTI for management of the collection of premiums, maintenance of policy records and provision of access to information regarding policy records.
- A Regulator fee component to be retained by the CTP Insurance Regulator to fund its operations.

These arrangements are detailed in Memorandum of Administrative Arrangements (MoAAs) between the CTP Insurance Regulator and the individual government agencies.

2 Significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*. The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*. The Regulator has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the department is a not-for-profit entity.

2.2 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - (b) expenses incurred as a result of engaging consultants;

The financial statements have been prepared based on a 12 month 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 on a different basis.

2.3 Reporting entity

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 18. 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 on-passing of stamp duty on CTP insurance 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 MOAA with the Commissioner of State Taxation, the Regulator, on behalf of the Approved Insurers, collects and remits all stamp duty payable on premiums.

2.4 Comparative information

Comparative information is not applicable as the Regulator came into operation on 1 July 2016.

2.5 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.6 Taxation

The Regulator is not liable for payroll tax, fringe benefits tax, income tax or goods and services tax (GST).

DTF prepares the Business Activity Statements (BAS) on behalf of the Regulator under the grouping provision of GST legislation. Under these provisions, the net amount of GST recoverable from, or payable to the ATO is included in DTF Financial Statements as DTF is liable for the payments and entitled to the recovery of GST.

The Regulator is liable for the payment of stamp duties levied under the *Stamp Duties Act 1923*. Stamp duties are levied on the CTP insurance premium component collected by the Regulator on behalf of the four approved insurers. The Regulator is required to pay the stamp duties to the Commissioner of State Taxation pursuant to a MOAA.

2.7 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Regulator will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Administration fee distributions

The Administration fees are recognised on an accrual basis and cover the costs of a range of government services connected with CTP insurance policy administration, including health services for injuries sustained during a motor vehicle accident and road safety initiatives.

The Regulator has entered into a MoAA with the Department of Treasury and Finance (DTF) for the 2016-17 financial year. Under the MoAA, DTF provides the Regulator with staff and infrastructure required to meet its functions under a cost recovery relationship.

Based on the Regulator fees (as per note 5) and the CTPI Scheme improvement projects (as per note 6), the total amount payable to DTF under the cost recovery relationship was \$7.423 million in the 2016-17 financial year.

2.8 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to the Regulator will occur and can be reliably measured. Revenues are recognised on an accrual basis (i.e. as earned).

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

Administration fees collected

Premiums are collected from motorists by the Department of Planning, Transport and Infrastructure (DPTI). The stamp duty and administration fee components of the CTP insurance premiums collected by DPTI are paid to the Regulator. These are recognised as earned on the date of receipt in the DPTI Transport Regulation User Management Processing System (TRUMPS).

Other revenues

Regulator's Share of Advance Renewal Premiums

The Regulator's share of premiums on policies renewed in advance of the policy commencement date that was transferred from DTF Administered Items transitional funds on 1 July 2016.

Regulator's Share of Unearned Premiums on Novated Policies

This reflects the Regulator's share of unearned premiums on novated policies transferred from the Motor Accident Commission. This revenue is recognised on receipt.

Interest revenue

Interest on the Regulator deposit account is recognised on an accrual basis (i.e. as earned).

2.9 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank held in a deposit account with the Treasurer.

Cash is measured at nominal value.

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

Receivables

Receivables include amounts receivable from services provided, transactions performed by the Regulator to facilitate functions of the Regulator scheme and other accruals.

The collectability of receivables is reviewed on an ongoing basis. An allowance for impairment loss (doubtful debt) is raised when there is objective evidence that the Regulator will not be able to collect the debt. Bad debts are written off when identified.

Other classes of assets, including Non-Current Assets and Intangible assets are held by the Department of Treasury and Finance through the MoAA.

2.10 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Payables

Payables include creditors and accrued expenses.

Creditors represent the amount owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices and payment requests received relating to the normal operations of the Regulator.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

2.11 Unrecognised contractual commitments

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

These primarily relate to expenditure expected to be incurred under Memorandum of Administrative Arrangements between the Regulator and other South Australian Government Agencies.

3 New and revised accounting standards and policies

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Regulator for the period ending 30 June 2017. The Regulator has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Regulator.

4 Activities of the Regulator

The *Compulsory Third Party Insurance Regulation Act 2016* specifies a general set of functions for the Regulator.

During the year ended 30 June 2017, the principle regulation activities of the Regulator were:

- Regulation of the Approved Insurers;
- Determination of the premium amounts payable in respect of the CTP Insurance policies in 2017-18;
- Determination of the minimum terms and conditions of CTP Insurance policies;
- Monitoring, auditing and review of the operation and efficiency of the CTP insurance business;
- Provision of information to consumers about the CTP insurance business and Approved Insurers; and
- Establishment, monitoring and review of rules that the Approved Insurers must comply with.

Nominal Defendant

The nominal defendant acts as an insurer and bears the liabilities of meeting claims in cases where:

- injuries are caused to a claimant by a motor vehicle that is not identified
- injuries are caused to a claimant by a motor vehicle for which there is no in force policy.

Cabinet endorsed the transfer of the Nominal Defendant function from MAC to the Regulator for motor vehicle accidents occurring on and after 1 January 2017.

The Nominal Defendant claims costs are reflected in the accounts of the Approved Insurer.

The Motor Accident Injury Assessment Scheme (MAIAS)

The secretariat function for the Accreditation Panel and the Motor Accident Injury Assessment Scheme (MAIAS) were transferred to the Regulator from the Motor Accident Commission from 1 July 2016.

5 Administration fee distributions

	2017 \$'000
Hospital and emergency fees	26 688
Road safety fees	13 525
CTPI premium collection fees	11 500
Regulator fees	4 822
Total administration fees	56 535

Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* and included in Regulator fees above were \$31,000.

6 Other expenses

	2017 \$'000
CTPI Scheme improvement projects	2 601
Medical practitioner payments	123
Insurer premium payments	553
Compensable patient refunds	328
Refunds for novated policy cancellations	1 555
Other	3
Total other expenses	5 163

7 Administration fees collected

	2017 \$'000
Hospital and emergency fees	26 664
Road safety fees	13 634
CTPI premium collection fees	11 596
Regulator fees	6 179
Total administration fees collected	58 073

8 Interest revenue

	2017 \$'000
Deposit account interest receipts	228
Total Interest revenue	228

9 Other revenues

	2017 \$'000
Regulator's share of advance renewal premiums	1 296
Recoveries for novated policy cancellations	1 294
Compensable patient recoveries	328
Regulator's share of unearned premium on novated policies	6 534
Premium recoveries	704
Other	22
Total other revenues	10 178

10 Cash and cash equivalents

	2017 \$'000
Deposits with the Treasurer	9 282
Total cash and cash equivalents	9 282

11 Receivables

	2017 \$'000
Current	
Receivables	1 110
Accrued interest revenue	17
Total current receivables	1 127
Total receivables	1 127

12 Payables

	2017 \$'000
Current	
Creditors and accrued expenses	3 628
Total current payables	3 628
Total payables	3 628

13 Unrecognised contractual commitments

The Regulator has entered into MoAAs that cover the costs of a range of government services connected with CTP insurance policy administration, including health services for injuries sustained during a motor vehicle accident and road safety initiatives.

	2017 \$'000
No later than one year	52 736
Later than one year but not later than five years	53 789
Total commitments	106 525

14 Related party transactions

The Regulator is a statutory authority and is wholly owned and controlled by the Crown. Related parties of the Regulator include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between the Regulator and other SA Government entities is disclosed at Note 17.

Key Management Personnel

Key management personnel of the agency include the Minister, the Chief Executive and the three members of the Executive team who have responsibility for the strategic direction and management of the agency. The compensation detailed below 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 the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2017 \$'000
Salaries and other short term employee benefits	632
Post-employment benefits	62
Total compensation	694

15 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 DTF Operating Account. The payment was to be made at dates and amounts directed by the Chief Executive of DTF to a total of \$21.623 million.

The Chief Executive of DTF requested MAC make a payment of \$6.534 million on 4 August 2016. The balance remaining at 30 June 2017 is \$15.089 million. The payment of the remaining balance is subject to the direction of the Chief Executive of DTF.

16 Cash flow reconciliation

2017
\$'000

Reconciliation of cash and cash equivalents at the end of the reporting period:

Cash and cash equivalents disclosed in the Statement of Financial Position	9 282
Balance as per the Statement of Cash Flows	9 282

Reconciliation of net cash provided by operating activities to net result:

Net cash provided by operating activities	9 282
Movements in assets and liabilities:	
Increase/(decrease) in receivables	1 127
(Increase)/decrease in payables	(3 628)
Net result	6 781

17 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

		SA Government	Non-SA	Total
		2017	Government	2017
		\$'000	\$'000	\$'000
	Note			
Expenses				
Administration fee distributions	5	56 535	-	56 535
Other expenses	6	4 487	676	5 163
Total expenses		61 022	676	61 698
Income				
Administration fees collected	7	58 073	-	58 073
Interest revenue	8	228	-	228
Other revenues	9	9 041	1 137	10 178
Total income		67 342	1 137	68 479

		SA Government	Non-SA Government	Total
		2017	2017	2 017
	Note	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	10	9 282	-	9 282
Receivables	11	582	545	1 127
Total financial assets		9 864	545	10 409
Financial liabilities				
Payables	12	3 607	21	3 628
Total financial liabilities		3 607	21	3 628

		SA Government	Non-SA Government	Total
		2017	2017	2017
	Note	\$'000	\$'000	\$'000
Administered Items				
Administered Expenses				
Stamp duty expenses	18	51 398	-	51 398
Total administered expenses		51 398	-	51 398
Administered Income				
Stamp duty collected	18	51 398	-	51 398
Total administered income		51 398	-	51 398

		SA Government	Non-SA Government	Total
		2017	2017	2 017
	Note	\$'000	\$'000	\$'000
Administered Items				
Financial assets				
Cash at bank	18	4 758	-	4 758
Administered receivables	18	483	-	483
Total administered assets		5 241	-	5 241
Financial liabilities				
Administered payables	18	5 241	-	5 241
Total administered liabilities		5 241	-	5 241

18 Administered items

	2017 \$'000
Administered expenses	
Stamp duty expenses	51 398
Total administered expenses	51,398
Administered income	
Stamp duty collected	51 398
Total administered income	51,398
Net result	-

	2017 \$'000
Administered assets	
Receivables	483
Cash at bank	4 758
Total administered assets	5,241
Administered liabilities	
Payables	5 241
Total administered liabilities	5,241
Net administered assets	-

	2017 \$'000
Administered equity	
Accumulated surplus	-
Total administered equity	-
Changes in equity	
Balance at beginning of reporting period	-
Net result	-
Balance at the end of the period	-

	2017
Cash flows from operating activities	\$'000
Cash outflows	
Taxation payments	<u>(46 157)</u>
Cash (used in) operations	<u>(46 157)</u>
Cash inflows	
Taxation receipts	<u>50 915</u>
Cash generated from operating activities	<u>50 915</u>
Net increase/(decrease) in cash held	4 758
Cash at the beginning of the reporting period	-
Cash at the end of the reporting period	<u><u>4 758</u></u>

CTP Insurance Regulator
Statement of Certification
for the year ended 30 June 2017

We certify that the:

- financial statements of the Compulsory Third Party Insurance Regulator (The Regulator):
 - are in accordance with the accounts and records of the Regulator
 - comply with relevant Treasurer's Instructions
 - comply with relevant accounting standards
 - present a true and fair view of the financial position of the Regulator at the end of the financial year and the results of its operations and cash flows for the financial year.
- internal controls employed by the Regulator over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.



Kim Birch
Chief Executive
Compulsory Third Party Insurance Regulator

27 September 2017



Ivan Lebedev
Director, Scheme Analytics and Finance
Compulsory Third Party Insurance Regulator

27 September 2017

INDEPENDENT AUDITOR'S REPORT



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Auditor-General's Department

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To the Chief Executive CTP Insurance Regulator

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the CTP Insurance Regulator for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the CTP Insurance Regulator as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Director, Scheme Analytics and Finance.

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 Insurance 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 have been met.

I believe that the audit evidence 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 the Treasurer's Instructions promulgated 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

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
- 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 regarding, 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.



Andrew Richardson

Auditor-General

27 September 2017

8. Appendices

8.1 Approved Insurers

<p>AAMI*</p> <p>General Enquiries: 13 22 44</p> <p>Facsimile: 8205 5399</p> <p>Email: sactpclaims@aami.com.au</p> <p>Website: www.aami.com.au/ctp-insurance/sa.html</p> <p>Mail: GPO Box 471, Adelaide, SA 5001</p> <p>Local SA Office: 45 Grenfell Street, Adelaide SA 5000</p> <p>Head Office: Suncorp, Level 28, 266 George Street, Brisbane, Qld, 4000</p> <p><small>* AAI Limited (trading as AAMI) is a brand of Suncorp Group.</small></p>	<p>Allianz</p> <p>General Enquiries: 1300 686 725</p> <p>Facsimile: 1300 686 018</p> <p>Email: claimssactp@allianz.com.au</p> <p>Website: www.allianz.com.au</p> <p>Mail: PO Box 10063 Adelaide BC SA 5000</p> <p>Local SA Office: 55 Currie Street, Adelaide SA 5000</p> <p>Head Office Mail: GPO Box 4049, Sydney, NSW 2001</p>
<p>QBE</p> <p>General Enquiries: 13 37 23</p> <p>SA CTP Enquiries: 1300 429 528</p> <p>Facsimile: 1300 059 688</p> <p>Email: myctpclaims@qbe.com</p> <p>Website: www.qbe.com.au</p> <p>Mail: GPO Box 7037 Sydney NSW 2001</p> <p>Local SA office: Level 9, 400 King William Street, Adelaide, SA 5000</p> <p>Head Office: Level 27, Chifley Square, Sydney, NSW, 2000</p>	<p>SGIC**</p> <p>General Enquiries: 1800 633 176</p> <p>Facsimile: 1300 317 420</p> <p>Email: piclaims@iag.com.au</p> <p>Website: www.nrma.com.au/sa</p> <p>Local SA Office: Level 5, 80 Flinders Street, Adelaide SA 5000</p> <p>Head Office: IAG Limited, 388 George Street, Sydney NSW 2000</p> <p><small>** SGIC is part of the Insurance Australia Group.</small></p>