

OFFICIAL



CTP INSURANCE REGULATOR

CTP Regulator 2020-2021 Annual Report

CTP REGULATOR

Level 8, Wakefield House
30 Wakefield Street
GPO Box 1095 Adelaide SA 5001

www.ctp.sa.gov.au

Contact phone number:	1300 303 558
Contact email:	ctp@sa.gov.au
ISSN:	2652-2764
Date presented to Minister:	30 September 2021

OFFICIAL

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 29/09/2021

Signature



From the Chief Executive

With the scheme maturing, in 2020-21 our focus shifted from implementation to increasing transparency in scheme performance and delivering continuous improvement of the experience and usability of the scheme for injured road users.

During the year, we published our first CTP Market Briefing which informs the premium setting and a scheme data dashboard which provides information about claims and premiums. Both publications will be updated annually.

We have seen more finalisations of complex injury claims with large costs during 2020-21. Settlement of claims requires claimants' medical conditions to stabilise, which for serious injuries can take many years. Although 87% of claims from the first privately underwritten accident year, 2016-17, are now finalised, only 48% of the 2017 year's expected ultimate claims costs have been paid out. In view of this there is still significant uncertainty around the ultimate accident year cost for the privately underwritten scheme.

Claim frequency has been dropping since the 2013 reform of the CTP legislation that introduced injury scale value thresholds for access to economic and non-economic loss payments. However, the latest actuarial estimates did not indicate any claim frequency reduction between accident year 2020-21 and the prior year. This may indicate that claim frequency has now plateaued making further decreases less likely.

In 2020-21 we engaged directly with motorists and claimants to improve the experience for those injured on our roads through a review of the injury and fatality claim forms. We received claimant insights through claimant experience surveys to monitor CTP Insurer performance and inform improvements. We connected with health providers to assist them in their interactions with injured road users to enable early access to the scheme. Internally we delivered a customer service framework to maximise customer experience by minimising delays, disputes, and disharmony, this framework is being embedded in our practice.

The CTP Insurer's scheme compliance performance has improved over the past year. There were significantly fewer CTP Insurer breaches in 2020-21, a total of 26 breaches compared to 46 breaches in 2019-20.

Over the coming year, I look forward to continuing to deliver a competitive scheme that offers choice, ease and confidence to our motoring community through implementation of improved claim lodgement processes, increased information to the community on the scheme's performance and preparing for a review of elements of the scheme competition model.

We will continue to engage with scheme stakeholders to improve the experience of those who interact with the scheme, including developing a protocol to support CTP Insurers and the Lifetime Support Authority to assist injured people who move between the schemes.

Finally, I thank our Regulator team for continuing to deliver our statutory functions and supporting each other through the challenges COVID-19 presents to us all.



Kim Birch

Chief Executive and CTP Regulator

Contents

Overview: about the CTP Regulator	6
About the CTP Scheme	6
Purpose of the Regulator	7
Motor Accident Injury Accreditation Scheme (MAIAS) Administrator	7
Our vision	8
Our values	8
Our organisational structure	9
Our Executive team	9
Legislation administered by the Regulator	10
Stakeholder relationships	10
The Regulator's performance	10
Performance at a glance	10
Regulator's response to COVID-19	11
The Regulator's contribution to whole of Government objectives	11
Regulator specific objectives and performance	12
Employment opportunity programs	14
Regulator performance management and development systems	14
Work health, safety and return to work programs	14
Executive employment at the Regulator	14
Financial performance	15
Financial performance at a glance	15
Consultants disclosure	15
Contractors disclosure	16
Other information	17
Risk management	18
Risk and audit at a glance	18
Fraud detected at the Regulator	18
Strategies implemented to control and prevent fraud	18
Public interest disclosure	19
Reporting required under the <i>Compulsory Third Party Insurance Regulation Act 2016</i>	20

Regulatory activities.....	20
Injury claim forms review.....	22
Claimant experience insights.....	23
Motor Accident Injury Accreditation Scheme (MAIAS)	25
Communications.....	35
Number of public complaints reported.....	35
Appendix: Audited financial statements 2020-21.....	36

Overview: about the CTP Regulator

About the CTP Scheme

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

The CTP Regulator oversees the scheme and regulates CTP Insurers. Fundamental aspects of the scheme are to support the recovery of people injured in motor vehicle accidents and provide a Policy of Insurance (policy) to protect motor vehicle owners against the financial impact of causing personal injury to other road users through the use of their vehicle anywhere in Australia.

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

Motorists actively choose their CTP Insurer based on a number of factors including brand, service, price, and approved incentives. The four government approved insurers, AAMI, Allianz, QBE and SGIC (CTP Insurers), commencing from 1 July 2016 underwrite the South Australian scheme and manage the claims against the policy of insurance.

In South Australia, claims for compensation under the scheme are fault-based common law claims modified by statute, primarily 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.

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 is appointed as the Nominal Defendant under Part 4 of the MV Act. 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.

The CTP scheme is complemented by the Lifetime Support Scheme which operates separate to the CTP scheme. The Lifetime Support Scheme is a no-fault scheme which provides treatment, care and support for people who have sustained very serious lifelong injuries in motor vehicle accidents in South Australia.

Purpose of the Regulator

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 set out in section 5(1) of the Act.

The Regulator is responsible for:

- monitoring and reviewing the operations and efficiency of the CTP Scheme
- oversight, monitoring and reporting of CTP Insurer activities
- ensuring a fair and affordable scheme is maintained
- continuing to improve Scheme outcomes for injured people
- determining the minimum terms and conditions of the CTP insurance policy
- determining CTP premiums
- providing information to consumers about the Scheme and CTP insurers.

Motor Accident Injury Accreditation Scheme (MAIAS) Administrator

The Regulator is 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 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.

The key objective of MAIAS is to create an independent system that provides consistent, objective and reliable ISV medical assessments. As administrator of MAIAS, the Regulator's responsibilities include but are not limited to:

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

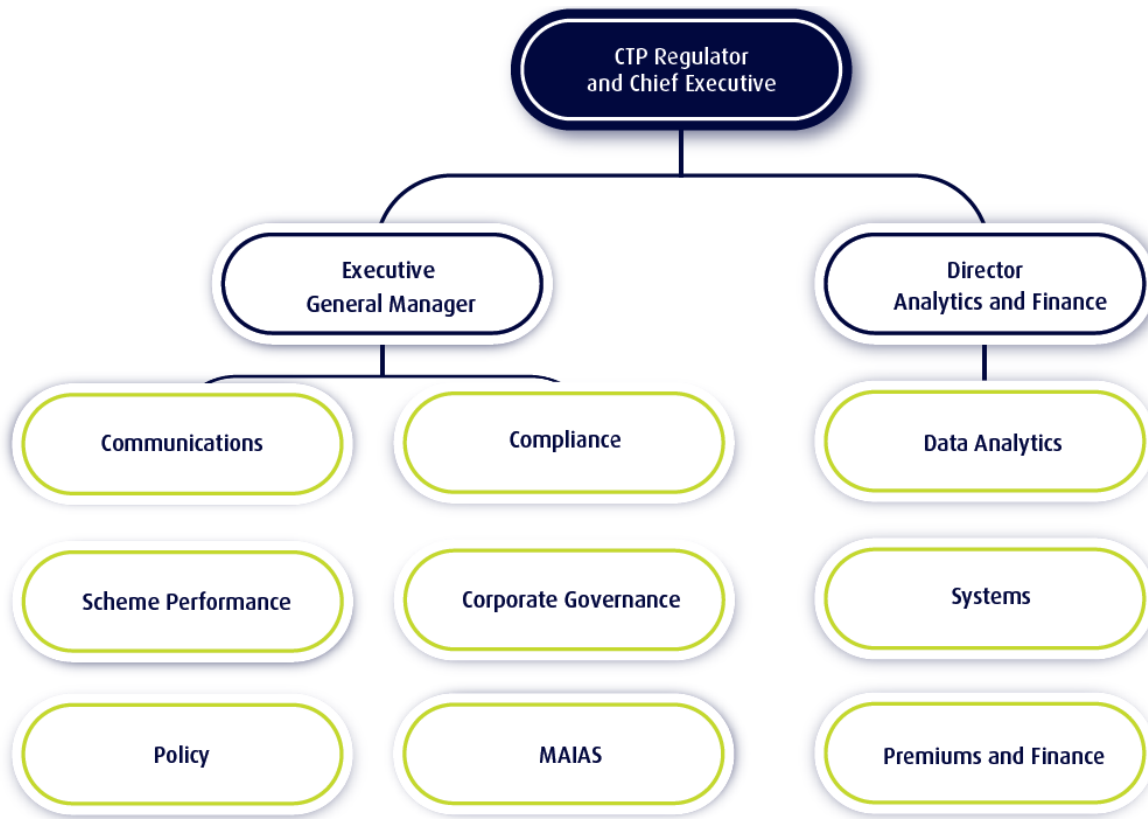
Our vision

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

Our organisational structure



During 2020-21 the following changes were made to the Regulator's structure:

- The Director Operations has been replaced by the Executive General Manager.
- The Director Performance has been replaced by the Director Analytics and Finance with the functions of injury recovery and support services, scheme performance and MAIAS transferring to the portfolio of the Executive General Manager.

Our Executive team

Kim Birch is the **CTP Regulator** (Regulator) and **Chief Executive** (CE), responsible for carrying out the functions of the 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 **Executive General Manager**, responsible for monitoring Scheme and CTP Insurer performance and providing information to motorists, as well as overseeing corporate functions.

Ivan Lebedev is the **Director Analytics and Finance**, responsible for information systems, data analytics, corporate finance and the process of determining premium ranges for premium classes.

Legislation administered by the Regulator

- *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 for Infrastructure and Transport for the collection and disbursement of CTP premiums
- Lifetime Support Authority and ReturntoWorkSA to improve recovery outcomes for injured people
- Australian Prudential Regulation Authority to monitor the financial stability and solvency of the CTP Insurers.

In 2020-21 the Regulator had Memorandums of Administrative Arrangement (MoAAs) with government agencies to provide the following services to the scheme:

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

MoAAs are funded from the administrative component of CTP premiums collectively known as the CTP Scheme Services fee. The CTP Scheme Services fees are detailed on page 28.

The Regulator's performance

Performance at a glance

In 2020-21 the Regulator continued to deliver on its strategic objectives to support the efficiency of the CTP scheme. Highlights include:

- Conducted a review of the usability of the injury and fatality claim forms (claim forms). This review involved user experience testing with claimants and road users to understand ways to improve the claim forms. The review resulted in significant changes being proposed including the ability to lodge a claim form completely online. The implementation of the new claim forms will be achieved in 2021-22. More information on the injury claim form review is on page 22 of this report.

- Expanded the claimant experience survey model to support the Regulator's function of monitoring the efficiency of CTP scheme operations by measuring claimant experience at key intervals throughout the life of a claim and post claim closure. More information on the claimant experience survey results is on page 23 of this report.
- Increased the information available on the scheme to all stakeholders through the publication of scheme data in the Scheme Data Dashboard and SA CTP Market Briefing, published on the Regulator's website www.ctp.sa.gov.au. This was made possible by the scheme reaching a level of maturity sufficient to generate reliable scheme performance statistics.
- Completed an independent review of the Regulator's Scheme Compliance Framework which monitors the CTP Insurers against their legislative and contractual obligations. More information on the Regulator's compliance framework is on page 20 of this report.
- Delivered a number of internal frameworks to support the Regulator team to continue to grow and deliver against our mission and values. Including a Learning and Development Framework and a Competency Framework which provides clarity to staff on the essential knowledge, skills and behaviours required for optimum performance to assist in enhancing the team's capability and promoting relevant growth opportunities.

The Regulator's performance against the 2020-21 strategic plan commences on page 12.

Regulator's response to COVID-19

During 2020-21 the Regulator:

- monitored the impacts of Covid-19 on the scheme
- supported staff in flexible working arrangements to continue to deliver services
- extended the trial of telehealth consultations for pure mental harm GEPIC ISV medical assessments until April 2023.

The Regulator's 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 2020-21 financial year delivered fair and reasonable premiums to motorists.

In 2020-21 the Regulator has focused on improving the customer service experience through a customer service framework. The framework provides a common understanding of good customer service, principles to deliver customer service and a quality assurance program.

The claimant surveys promote the importance of CTP Insurers providing better service to South Australian injured road users.

The Regulator's various projects mentioned in this report contribute towards delivering better services and managing costs for South Australians.

Regulator specific objectives and performance

The Regulator's strategic objectives support delivery of 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
Objective 1: Oversee a financially sustainable, efficient and effective scheme		
Premium bands set for each premium class	May 2021	✓ Achieved
Implement Scheme Fraud Management Framework	December 2020	✓ Achieved
Negotiate Memorandums of Administrative Arrangement with SA Police and Dept. for Infrastructure and Transport	June 2021	✓ Achieved
Plan and prepare the scheme for automated vehicles and participate in the 'Across Government Automated Vehicle Reform Working Group'	June 2022	On track
Plan for scheme underwriting model review in 2022	June 2022	On track
Objective 2: Promote an outcomes driven, early recovery and service focused approach to claims management		
Develop proposal to improve usability of the claim forms	June 2021	✓ Achieved
Develop a proposal for a scheme protocol for arranging medico-legal assessments	November 2020	✓ Achieved
Introduce a survey process to measure claimants' experiences	July 2023	On track

Objective 3: Meet our regulatory and statutory obligations		
Introduce a sustainable, appropriate annual scheme risk and compliance planning cycle	June 2020	✓ Achieved
Procure a medical review panel for MAIAS	September 2020	✓ Achieved
Increase scheme performance transparency	March 2021	✓ Achieved
Implement new MAIAS website and learning management system	December 2021	✓ Achieved
Implement AMP training plan 2020-2021	June 2021	✓ Achieved
Deliver a risk-based scheme compliance plan	June 2021	✓ Achieved
Deliver a sustainable Motor Accident Injury Accreditation Scheme (MAIAS) quality assurance program	June 2021	✓ Achieved
Enhance website content and experience for stakeholders	June 2021	✓ Achieved
Connect with treatment services to provide scheme information for injured road users	June 2021	✓ Achieved
Develop a proposal for enhancing data driven compliance	June 2021	✓ Achieved
Embed our Corporate Governance Framework	March 2021	✓ Achieved
Evaluate the Competition scheme engagement strategy	August 2020	✓ Achieved
Plan for Accredited Medical Practitioner (AMP) accreditation in 2022	September 2022	On track
Objective 4: Enhance the capability of our team to lead the delivery of our vision and mission		
Develop a CTP competency framework	December 2020	✓ Achieved
Establish a learning and development framework	April 2021	✓ Achieved

Deliver our customer service framework	June 2021	✓ Achieved
Develop systems and processes to analyse and act on staff feedback	October 2020	✓ Achieved
Capacity building placement for people with disability	February 2022	On track

Employment opportunity programs

The Regulator commenced a pilot work placement program to build capacity of people with disability. This program aims to support strengthening confidence and capability to enable the person to compete in the jobs market. The learnings from this pilot program will provide us a blueprint for similar programs in the future.

Regulator 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.

Work health, safety and return to work programs

Regulator staff are employed by DTF and seconded to the Regulator. Regulator staff access DTF's work health, safety and return to work programs.

Regulator staff work health and safety breaches, workplace injury claims, notifiable incidents or improvement and prohibition notices are recorded and reported in the DTF annual report.

Executive employment at the Regulator

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. The information is unaudited. Full audited financial statements for 2020-2021 are attached to this report.

Statement of Comprehensive Income	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	Past year 2019-20 Actual \$000s
Total Income	78,831	79,850	1,019	65,356
Total Expenses	64,157	62,391	(1,766)	58,956
Net Result	14,674	17,459	2,785	6,400
Total Comprehensive Result	14,674	17,459	2,785	6,400

Statement of Financial Position	2020-21 Budget \$000s	2020-21 Actual \$000s	Variation \$000s	Past year 2019-20 Actual \$000s
Current assets	53,823	42,366	(11,457)	35,086
Non-current assets	342	19	(323)	342
Total assets	54,165	42,385	(11,780)	35,428
Current liabilities	22,512	8,011	(14,501)	18,451
Non-current liabilities	510	448	(62)	510
Total liabilities	23,022	8,459	(14,563)	18,961
Net assets	31,143	33,926	2,783	16,467
Equity	31,143	33,926	2,783	16,467

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	\$2,792

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

Consultancies	Purpose	\$ Actual payment
Taylor Fry Pty Ltd	Scheme actuarial services	\$443,230
PriceWaterhouseCoopers	Internal audit	\$113,991
	Total	\$560,013

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 Regulator, 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	\$15,260

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

Contractors	Purpose	\$ Actual payment
Biz Hub Australia Pty Ltd	Personal Injury Register annual support	\$28,001
Dr Dwight Dowda	MAIAS Training	\$12,395
Dr Michael Epstein	MAIAS Training	\$12,834
Dr Beata M Byok	MAIAS quality assurance	\$15,942
Dr Michael Epstein	MAIAS quality assurance	\$13,359
Haymakr	Market research	\$236,948
Alto People	Organisation development	\$21,450

Contractors	Purpose	\$ Actual payment
Alemba Pty Ltd	Customer relationship management	\$12,960
Gowland Consulting Pty Ltd	MAIAS QA sustainability review	\$39,500
	Total	\$408,650

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website.

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 20.

Risk management

Risk and audit at a glance

The Risk and Audit Committee meets quarterly to provide assistance to the Governance Committee on the operation and effectiveness of the risk management framework and internal and external audit activities.

The Regulator also reports annually to the DTF risk and audit committee.

In the past year the committee fulfilled its responsibilities according to its terms of reference including:

- Overseeing the 2020-21 internal audit plan (outsourced)
- Updated the risk appetite statement
- Updated the incident management policy
- Enhancing risk register administration and maintenance
- Monitoring the progress of implementing internal audit recommendations
- Endorsing the 2021-22 internal audit plan

A Risk Culture Survey was conducted to measure Regulator staff understanding and behaviours towards risk management to inform opportunities for continuous improvement in the way risk is managed.

Survey results demonstrated a high awareness and understanding of risk and risk accountability among staff. The survey highlighted opportunity to tailor risk and compliance training to individual roles. As a result, quality management system training and lead auditor training were provided to all managers and roles involved in risk and compliance activities.

To further support staff to speak up in relation to risk it was recommended to share 'lessons learned' to reinforce the organisation-wide position on how mistakes are recognised as learning opportunities. This has been incorporated into our learning and development plan for 2021-22.

Fraud detected at the Regulator

No fraud was detected.

Strategies implemented to control and prevent fraud

The Regulator has a robust suite of policies and work instructions to address key risks and establish controls to 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 register
- 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 Regulator under the *Public Interest Disclosure Act 2018*.

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.

Regulatory activities

Key activities completed in 2020-21 include:

- Determined new premium bands from 1 July 2021 resulting in sustained price competition across the majority of premium classes.
- Updated the Regulator Rules to respond to changes where necessary. Updates were made to allow for GEPIC telehealth consults in response to Covid-19, update the definition of "complaint", and make amendments in response to changes in the *Uniform Civil Rules 2020*.
- Implemented a Fraud Management Framework to identify, monitor and manage cases of potential dishonesty or fraud within the scheme.
- Developed a guideline for arranging joint independent medical assessments to assist claimants and CTP Insurers to jointly agree on the expert to conduct an assessment to minimise impacts on a claimant's wellbeing.

Providing information about the scheme

- Increased scheme transparency with the publishing of the Scheme Data Dashboard. The dashboard provides an overview of the scheme, including CTP claims and insurer premiums, from 1 July 2016 up to 31 December 2020. In developing the dashboard, the CTP Regulator has added to the ways it provides information to consumers about the scheme and CTP Insurers. Transparent information also promotes South Australian community confidence in the scheme. The Scheme Data Dashboard will be updated annually.
- Published the SA CTP Market Briefing prepared by the scheme actuary Taylor Fry which informs the premium setting. This will be published annually.
- Connected with front line treatment service providers to provide scheme information for injured road users. Providing information to front line treatment providers allows them to pass the information on to injured road users to increase awareness and access to the scheme where appropriate.

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.

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.

In 2020-21 the delayed 2019-20 program was completed, as well as the 2020-21 program. This resulted in one insurer having two audits conducted in the last year.

Audits address performance across each insurer's business operations including:

- service levels provided to claimants
- compliance with legislative obligations
- approval of treatments
- complaints management and dispute resolution
- payments and settlements
- management of confidential information.

The 2020-21 compliance program saw overall CTP Insurer improvements compared to the 2019-20 year.

Areas of good performance include claim lodgement and management, liability communication and rehabilitation management, especially in informing claimants and providing reasons for decisions.

Identified areas of improvement include:

- reducing unauthorised disclosures of personal information
- meeting timeframes including the provision of information obtained via the prescribed authority within 21 days, response to funding requests and reimbursement of expenses within seven days
- explaining the complaints and disputes process
- providing the claimant with an assessment for each head of damage as part of the settlement offer.

Where the compliance program identifies findings, CTP Insurers are required to submit remediation plans that are tracked monthly against agreed deadlines and outcomes. Any areas considered non-compliant can result in CTP Insurers being issued with breach notices.

The Regulator observed the insurers strengthening their internal controls over 2020-21, resulting in a reduced number of breaches being issued compared to 2019-20. The following table shows 26 breaches were issued in 2020-21, of which six are open as at 30 June 2021 and remediation is being monitored by the Regulator.

The most common areas of breaches this past year reflect areas for improvement and include:

- privacy breaches
- providing reports/information to claimants over 21 days
- responding in writing to funding requests over seven business days

CTP Insurer breaches issued in 2020-21

CTP Insurer	Breaches 2019-20	Breaches 2020-21
AAMI	7	2
Allianz	16	19
QBE	15	2
SGIC	8	3
Total	46	26

Note – the number of breaches reported for Allianz in 2020-21 is higher due to COVID-19 interruptions which prevented the Regulator from completing its audit of Allianz in the 2019-20 financial year. This resulted in Allianz being audited twice in the 2020-21 financial year. The Regulator observed improvements in the number of obligations met by Allianz in the second audit of 2020-21 compared to the first.

In response to CTP Insurer Breaches, CTP Insurers paid five sanctions to the total of \$120,000 to the State Government.

In response to an improved control environment, in the 2021-22 financial year, the Regulator will move from an annual to a bi-annual approach for insurer audits, auditing two insurers each financial year. By adopting this approach, the Regulator can demonstrate to the industry that the scale and scope of the compliance program is proportionate with performance. As the insurers are demonstrating increased compliance and performance against their obligations, the program is adapting to the current risk profile.

Injury claim forms review

As part of the Regulator's focus on continuous improvement and reviewing the operation and efficiency of the scheme, the Regulator commenced a review of the injury and fatality claim forms (claim forms).

The claim forms had not been reviewed since their introduction in 2013 (prior to the privately underwritten scheme). The purpose of the review was to determine their fitness for purpose and enhance the experience of injured people making a CTP claim in South Australia by improving the usability of the forms and the claim lodgement process.

The review was underpinned by four key principles focusing on: identifying and removing barriers to early access to funding of treatment; enabling CTP Insurers to receive early, relevant claim information; determining the viability of end-to-end electronic lodgement; enhancing data collection for scheme monitoring and future scheme design.

We sought the views of injured people with CTP claims (claimants), potential claimants (road users), CTP Insurers, the Royal Australian College of General Practitioners, general practitioners who treat injured people, the Law Society SA and personal injury legal practitioners on the claim form process.

The review identified the need to:

- improve usability of the form by rewording and reordering questions for clarity
- introduce end-to-end online form lodgement to increase ease of access to the scheme and accelerate the claim lodgement process
- update questions to improve data collection for scheme monitoring (for example to measure scheme utilisation to initiate targeted educational campaigns if required)
- introduce a prescribed medical certificate to be submitted with the claim form to support early access to reasonable and necessary treatment for injured people
- make amendments to the prescribed authority to obtain information (authority) to reduce potential barriers to a claimant's recovery and progression of their claim when an authority is revoked.

To make amendments to the authority and to prescribe a medical certificate, amendments to the *Motor Vehicles (Third Party Insurance) Regulations 2013* were sought. These amendments were published in the Government Gazette on 1 July 2021, with an anticipated commencement date of 1 November 2021.

The new claim forms are anticipated to be implemented before the end of the 2021 calendar year. The implementation will see continued engagement with injured road users, frontline medical providers, legal providers and CTP Insurers to support a smooth transition as well as provide new communication tools.

Claimant experience insights

Understanding the claimant experience through conducting surveys supports the Regulator to monitor and measure the operation and efficiency of the CTP Scheme. The survey results highlight to CTP Insurers areas for improvement to benefit claimants. Publication of survey results provides information to scheme stakeholders on CTP insurer performance.

Since 2019 the Regulator has conducted surveys with injured people approximately three months after they have made a CTP claim. The surveys determine an average Claimant Service Rating for each CTP Insurer which is published on registration renewal notices to assist vehicle owners to choose an insurer. The higher the number, the better the CTP Insurer's service has been rated.

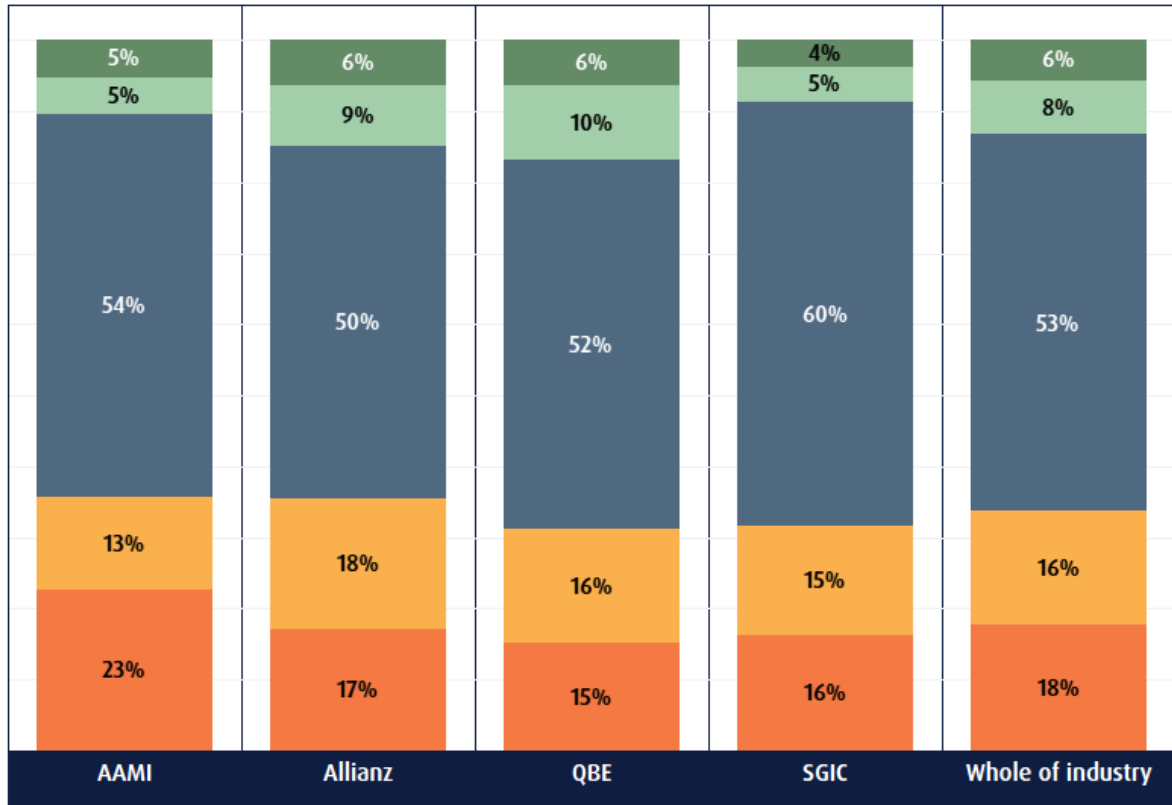
In July 2020 the Regulator commenced an additional survey for 12 months to follow-up with claimants approximately 10 months from lodging their claim. The purpose of the survey was to measure any change in service from the three month survey. The survey provided an opportunity for claimants to communicate areas for improvement to the Regulator and CTP insurers.

The response rate was 59%, with over 600 people agreeing to be surveyed.

Most claimants (53%) believed the service stayed the same, 14% believed that service improved and 34% believed the service had declined in the period from the three month survey to 10 months after lodgement; this trend was relatively consistent across insurers (see

the chart below). The most common reasons provided for the decline in claimant satisfaction were that insurers were slow to respond to claimants, and claimants were dissatisfied with the progress of their claim.

Survey question: Compared to the first 3 months of your claim, would you say that the service you have received from the insurer has...



■ Improved significantly ■ Stayed the same ■ Declined significantly
■ Improved slightly ■ Declined slightly

More than three in five claimants reported they would recommend their insurer 10 months into their claim, this represents a decline from the first survey where almost four in five would recommend their insurer: see the table below.

Whole of industry			
	3 months into claim	10 months into claim	Change
Likely to recommend the CTP insurer	77%	61%	- 16 points

Claimants were asked to rate a range of elements of the CTP Insurers service. Despite an overall decline from the three month to 10 month survey, the friendliness and helpfulness of insurer staff was rated highly, 75 out of 100, at the 10 month survey: see the table below.

Change in average score between 3-month survey and 10-month survey

How likely would you be to recommend the insurer for CTP insurance?	77 → 61 (-16)
Responding to our needs in a timely manner	77 → 63 (-14)
Being kept up to date with the progress of the claim	75 → 60 (-15)
The insurer's staff having a good level of knowledge	84 → 71 (-13)
The information provided being easy to understand	81 → 71 (-10)
The insurer's staff being friendly and helpful	88 → 75 (-13)
Being provided with all the information you need	80 → 65 (-15)

Includes 3-month survey results for claims lodged in the same months as the claims included in the 10-month survey. The first number is the 3-month survey results, the second is the 10-month follow-up, and the change is given in brackets. The colour is based on the change value, with yellow for small declines, moving to orange and then red for larger declines.

In the 2021-22 financial year, claimant surveys commence at key milestones in the claim process: claim lodgement, liability decision, after an ISV medical assessment and after settlement.

The findings will be used to monitor and review the efficiency of the scheme and determine any necessary improvements to drive a better experience for claimants across the scheme.

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 practitioners to undertake ISV medical assessments which includes assigning injury Item Numbers based on the assessment of injuries sustained in motor vehicle accidents. The assessment reports assist claimants and CTP Insurers in the claims settlement process.

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. A trial was commenced for the use of telehealth consultations for pure mental harm GEPIC assessments where it is safe and clinically appropriate to do so. The trial has been extended to April 2023 to allow for enough experience

to be reported by claimants for the MAIAS to conduct an evaluation of the trial's effectiveness in early 2023.

Quality Assurance (QA) program

In 2020-21 new training materials were developed to engage with AMPs in quality ISV medical assessment report writing.

MAIAS completed three QA reviews throughout the year to assess the quality of ISV medical assessment reports (ISV reports) against the *Civil Liability Act 1936*, *Civil Liability Regulations 2013* and the accreditation criteria from the MAIAS Training Manual.

Throughout the year 108 physical ISV reports produced by 20 AMPs and 23 GEPIC ISV reports produced by five AMPs were reviewed. This equates to a review of 6% of physical ISV reports and 18% of GEPIC ISV reports.

As a result of feedback from AMPs, the quality assurance review was conducted on an ongoing basis to provide more timely results of recently completed assessments and allow sufficient time to implement feedback before further quality assurance activity was undertaken.

Performance in GEPIC ISV report quality in 2020-21 improved or remained the same as in 2019-20 with all measures seeing very high levels of compliance.

For physical ISV reports, the results highlighted the need for focus in the following areas:

- stating stability for each of the referred injuries
- addressing each referred injury under the opinion section
- accuracy of determining and recording of WPI and ISV Item Numbers.

Focus areas are addressed individually with AMPs and used in designing future training and accreditation materials to better support all AMPs.

In October 2020, the MAIAS Administrator sought an independent review of the QA program, which included feedback from AMPs, to make recommendations for a sustainable program. The review showed a strong history of continuous improvement. Key recommendations were provided to strengthen the program including through the consolidation of tools, development of a framework and increased transparency.

In the coming year, the MAIAS will focus on implementing the recommendations from the review, and plan for the new AMP accreditation cycle by reviewing training and accreditation materials. The delivery of the accreditation training will be supported by implementation of a learning management system.

Changes to MAIAS ISV report templates and Rules

In 2020-21 amendments were made to the ISV report templates—based on advice from the medical peer reviewers—to provide clearer instructions and guidance to support AMPs to produce consistent, quality ISV medical assessment reports. MAIAS Rule changes in April 2021 incorporated changes required for the trial of telehealth consultations.

Scheme statistics

Insured vehicles by type

(Registrations as at 30 June 2021)

Type of vehicle	Vehicles	%
Private passenger	1,084,272	57.26%
Public passenger: no fare	660	0.03%
Taxis: metropolitan	942	0.05%
Taxis: country	271	0.01%
Hire cars	7,489	0.40%
Rideshare	4,692	0.25%
Public passenger: small	761	0.04%
Public passenger: medium	1,061	0.06%
Public passenger: heavy	651	0.03%
Public passenger: omnibus	1,077	0.06%
Goods carrying: light	219,969	11.62%
Goods carrying: medium	15,568	0.82%
Goods carrying: heavy	10,228	0.54%
Goods carrying: primary producers	30,279	1.60%
Motorcycles: ultra light	3,232	0.17%
Motorcycles: light	8,592	0.45%
Motorcycles: medium	13,040	0.69%
Motorcycles: heavy	20,476	1.08%
Tractors	53,532	2.83%
Historic and left hand drive vehicles	34,014	1.80%
Special purpose vehicles	15,651	0.83%
Car carriers: light	1	0.00%
Car carriers: medium	22	0.00%
Car carriers: heavy	1	0.00%
Car carrier trailers	122	0.01%
Trailers	365,001	19.27%
Unregistered vehicle permits	106	0.01%
Motor trade plate	2,008	0.11%
Total	1,893,718	100.00%

Source: Department for Infrastructure and Transport policy data.

Ratio of class 1 premium⁽¹⁾ to South Australian average weekly earnings (AWE)⁽²⁾

	Annual premium ⁽¹⁾	State AWE ⁽²⁾	Ratio
2020-21	\$295.40	\$1,543	19%
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%

⁽¹⁾ Note: 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.

⁽²⁾ 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 2020 to 30 June 2021)

Description	\$'000
Insurers' premiums*	316,323
Stamp duty	41,916
Road safety	14,173
Emergency transport, hospital and forensic services	32,480
Customer support and transaction processing	10,632
CTP Scheme regulation and administration	7,444
Total insurance premiums collected	422,968

Note: *Includes GST.

Market share of in-force premium

	AAMI	Allianz	QBE	SGIC
30 June 2021	20%	18%	21%	41%
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.

Number of changes to filed premiums

Type of vehicle	2019-20 premium changes		2020-21 premium changes	
	District 1	District 2	District 1	District 2
Private passenger	6	6	1	1
Public passenger: no fare	6	6	7	7
Taxis: metropolitan	6		5	
Taxis: country	6		6	
Hire cars	6	6	7	7
Rideshare	7	7	5	5
Public passenger: small	8	8	7	6
Public passenger: medium	6	8	7	7
Public passenger: heavy	8	8	6	6
Public passenger: omnibus	6		7	
Goods carrying: light	6	6	1	1
Goods carrying: medium	8	8	7	7
Goods carrying: heavy	6	6	6	7
Goods carrying: primary producers	7	7	4	7
Motorcycles: ultra light	7	8	6	6
Motorcycles: light	8	8	6	6
Motorcycles: medium	7	8	6	6
Motorcycles: heavy	8	7	6	6
Tractors	8	8	3	3
Historic and left hand drive vehicles	8	8	3	3
Special purpose vehicles	7	7	7	7
Car carriers: light	8	8	4	4
Car carriers: medium	6	8	5	5
Car carriers: heavy	8	8	5	4
Car carrier trailers	7	7	4	4
Unregistered vehicle permits	1	1	1	1

This is an indicator of premium price competition in the CTP scheme. Premium classes for taxis and omnibuses do not depend on the district, but counted with district 1 in the table.

Claimant service rating results

Publication month	AAMI	Allianz	QBE	SGIC
June 2021	77	78	75	79
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.

Number of accidents by region

(Accidents from 1 July 2020 to 30 June 2021)

Region	Accidents	%
Adelaide City / Suburbs	1,332	86.8%
Outer Adelaide	125	8.1%
Murraylands	30	2.0%
South	16	1.0%
Northern	5	0.3%
Eyre	8	0.5%
Interstate	18	1.2%
Total	1,534	100%

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 2021)

Accident year	Development year					Total
	1	2	3	4	5	
2016-17	2,376	630	49	29	16	3,100
2017-18	2,116	470	56	23		2,665
2018-19	1,931	426	45			2,402
2019-20	1,552	344				1,896
2020-21	1,737					1,737
Total						11,800

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.

Claims by current status

(All claims for accidents from 1 July 2016 to 30 June 2021)

Accident year	Claims lodged	Claims open	Claims closed	% closed
2020-21	1,737	1,417	320	18%
2019-20	1,896	985	911	48%
2018-19	2,402	778	1,624	68%
2017-18	2,665	545	2,120	80%
2016-17	3,100	404	2,696	87%

Claimants by demographic

(All claims for accidents from 1 July 2016 to 30 June 2021)

Age group	Males	Females	Total	%
16 years and under	275	286	561	5%
17 to 24 years	602	844	1,446	12%
25 to 34 years	988	1,299	2,287	19%
35 to 44 years	956	1,123	2,079	18%
45 to 54 years	1,054	1,154	2,208	19%
55 to 64 years	858	901	1,759	15%
65 years and over	620	835	1,455	12%
Unspecified	3	2	5	0%
Total	5,356	6,444	11,800	100%

Claimants by accident role

(All claims for accidents from 1 July 2016 to 30 June 2021)

Role	Claims	%
Driver	7,425	63%
Passenger	2,549	22%
Cyclist	815	7%
Pedestrian	735	6%
Other	276	2%
Total	11,800	100%

Claims by severity

(Closed claims for accidents from 1 July 2016 to 30 June 2021)

AIS* severity	Claims	%
Minor	4,787	62.4%
Moderate	827	10.8%
Serious	301	3.9%
Severe	20	0.3%
Critical	8	0.1%
Maximum	127	1.7%
Admin Only	1,601	20.9%
Total	7,671	100%

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.

Claims by dominant injury body region

(Closed claims for accidents from 1 July 2016 to 30 June 2021 excluding claims without a dominant injury recorded)

Body region	Claims	%
Cervical spine	1,823	25%
Shoulder	1,534	21%
Thoracic spine or lumbar spine	867	12%
Other	691	10%
Pelvis or hip	554	8%
Pure mental harm	445	6%
Other lower limb	426	6%
Knee	300	4%
Central nervous system and head	252	3%
Chest	204	3%
Wrist	165	2%
Total	7,261	100%

Rates of legal representation

(Accidents from 1 July 2016 to 30 June 2021)

Accident year	Claims	% Legal rep	% Litigated	% Trial
2020-21	1,737	26%	0.0%	0%
2019-20	1,896	33%	0.2%	0%
2018-19	2,402	32%	1.3%	0%
2017-18	2,665	40%	10.3%	0%
2016-17	3,100	41%	18.3%	0%

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

Legal costs

(All legal cost payments for accidents from 1 July 2016 to 30 June 2021)

Accident year	Solicitor client costs	Plaintiff - Legal (\$'000)	Defendant - Legal (\$'000)	Grand total (\$'000)
2020-21	Unknown	3	40	44
2019-20	Unknown	380	288	668
2018-19	Unknown	1,855	861	2,715
2017-18	Unknown	6,707	3,182	9,888
2016-17	Unknown	11,328	7,628	18,956
Total		20,273	11,999	32,271

Note: Solicitor client costs are unknown because there is no legal requirement for solicitors to provide their solicitor client costs to the managing insurer of a claim and so they are not reported to the CTP Regulator.

Claim duration by CTP Insurer

(Closed claims for accidents from 1 July 2016 to 30 June 2021 where relevant data is available)

Timeframe	AAMI	Allianz	QBE	SGIC	Average
Notification date to compliance date	38	48	18	54	36
Notification date to liability decision date	106	69	115	96	101
Notification date to closure date	478	411	460	389	443

Note: Timeframe is average days.

Heads of damage breakdown

(Closed claims from 1 July 2020 to 30 June 2021 for accidents from 1 July 2016 to 30 June 2021)

Heads of damage	Closed claims	Total (\$'000)	% Closed payments
Economic Loss	809	53,148	44%
Non-Customer Benefits	1,662	23,982	20%
Treatment	1,886	20,020	17%
Care	999	18,086	15%
Non-Economic Loss	324	4,467	4%
Other Customer Benefits	471	657	1%
Total	2,009	120,363	100%

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 2021)

Year of accident	Unidentified vehicles	Unregistered vehicles	Total
2020-21	42	29	71
2019-20	44	21	65
2018-19	59	21	80
2017-18	70	24	94
2016-17	87	18	105

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

Communications

Number of public complaints reported

Type	Number of instances
Complaints about CTP Insurers	34
Complaints about the scheme	1
Complaints about the Motor Accident Injury Accreditation Scheme	2
Complaints about the Regulator	0

Total enquiries to the Regulator in 2020-21 by source

Enquirer source	Number of enquiries
General Public	4,238
CTP Insurer	508
Medical	328
Legal	153
Government Department	128
Other	11
Total	5,367

Enquiries from the general public in 2020-21 by enquiry category

Enquiry category	Number of enquiries
Claims	2,030
Registration or other insurance*	1,703
CTP Scheme	401
Competition Scheme	46
Complaints	28
Nominal Defendant	18
MAIAS	12
Total	4,238

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.

Appendix: Audited financial statements 2020-21



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive CTP Regulator

Opinion

I have audited the financial report of the CTP Regulator for the financial year ended 30 June 2021.

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 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and CTP Regulator and the Director, 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 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 2021.

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:

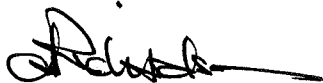
- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I

am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern

- 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.



Andrew Richardson

Auditor-General

29 September 2021

CTP Regulator

Financial Statements

For the year ended 30 June 2021

CTP Regulator
Statement of Certification
for the year ended 30 June 2021

We certify that the:

- financial statements of the CTP Regulator:
 - are in accordance with the account and records of the CTP Regulator;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the CTP Regulator at the end of the financial year and the result of its operation and cash flows for the financial year.
- Internal controls employed by the CTP Regulator for the financial year over its financial reporting and its preparation of financial statements have been effective.



Kim Birch

Chief Executive & CTP Regulator

28 September 2021



Ivan Lebedev

Director, Analytics & Finance

28 September 2021

CTP Regulator
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Administration premium component collections	2.1	64 729	65 175
Interest	2.2	11	132
Resources received free of charge	2.3	12	11
Other income	2.4	15 098	38
Total income		79 850	65 356
Expenses			
Employee benefit expenses	3.2	3 259	3 386
Supplies and services	4.1	2 104	2 163
Depreciation and amortisation		323	320
Administration premium component distributions	4.2	56 705	52 894
Other expenses	4.3	-	193
Total expenses		62 391	58 956
Net result		17 459	6 400
Total comprehensive result		17 459	6 400

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 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	40 876	34 552
Receivables	6.2	1 490	534
Total current assets		42 366	35 086
Non-current assets			
Property plant and equipment	5.1	19	64
Intangibles	5.3	-	278
Total non-current assets		19	342
Total assets		42 385	35 428
Current liabilities			
Payables	7.1	7 648	18 119
Employee benefits liability	3.3	359	328
Provisions	7.2	4	4
Total current liabilities		8 011	18 451
Non-current liabilities			
Payables	7.1	38	43
Employee benefits liability	3.3	398	459
Provisions	7.2	12	8
Total non-current liabilities		448	510
Total liabilities		8 459	18 961
Net assets		33 926	16 467
Equity			
Retained earnings		33 926	16 467
Total equity		33 926	16 467

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 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	10 067	10 067
Net result for 2019-20	6 400	6 400
Total comprehensive result for 2019-20	6 400	6 400
Balance at 30 June 2020	16 467	16 467
Net result for 2020-21	17 459	17 459
Total comprehensive result for 2020-21	17 459	17 459
Balance at 30 June 2021	33 926	33 926

CTP Regulator
Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<u>Cash inflows</u>			
Receipts from administration fees		64 724	65 460
Interest received		14	143
Other receipts		14 170	144
Cash generated from operating activities		78 908	65 747
<u>Cash outflows</u>			
Employee benefit payments		(3 284)	(3 200)
Payments to suppliers and services		(2 118)	(2 181)
Payments for administration fees		(67 221)	(37 735)
Other payments		39	(894)
Cash used in operating activities		(72 584)	(44 010)
Net cash provided by / (used in) operating activities	8.1	6 324	21 737
Cash outflows			
Purchase of property, plant and equipment		-	(17)
Cash used in investing activities		-	(17)
Net cash used in investing activities		-	(17)
Net increase / (decrease) in cash and cash equivalents		6 324	21 720
Cash and cash equivalents at the beginning of the reporting period		34 552	12 832
Cash and cash equivalents at the end of the reporting period	6.1	40 876	34 552

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 2021

NOTES TO THE FINANCIAL STATEMENTS

1.	About the CTP Regulator	5
1.1.	Basis of preparation	5
1.2.	Objectives and programs	6
1.3.	Impact of COVID-19 pandemic on the CTP Regulator	8
1.4.	Significant transactions with government related entities	8
2.	Income	8
2.1.	Administration premium component of the premium collections	8
2.2.	Interest	8
2.3.	Resources received free of charge	8
2.4.	Other income	9
3.	Committees and employees	9
3.1.	Key management personnel	9
3.2.	Employee benefits expense	10
3.3.	Employee benefits liability	11
4.	Expenses	12
4.1.	Supplies and services	12
4.2.	Administration premium component of the premium distributions	13
4.3.	Other expenses	13
5.	Non-financial assets	14
5.1.	Property, plant and equipment by asset class	14
5.2.	Property, plant and equipment	14
5.3.	Intangible assets	14
6.	Financial assets	16
6.1.	Cash and cash equivalents	16
6.2.	Receivables	16
7.	Liabilities	17
7.1.	Payables	17
7.2.	Provisions	17
8.	Other disclosures	18
8.1.	Cash flow	18
9.	Outlook	19
9.1.	Unrecognised contractual commitments	19
9.2.	Administered items	20
9.3.	COVID-19 pandemic outlook for the CTP Regulator	21
9.4.	Events after the reporting period	21
10.	Measurement and risk	21
10.1.	Long service leave liability – measurement	21
10.2.	Financial instruments	22

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

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 9.4. except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for the Regulator items. The administered activities include the receipt and payment of stamp duty on CTP 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.

Assets and liabilities that are 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.

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.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

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. Motorists actively choose their own CTP Insurer for each registration renewal period.

The total CTP premium (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 Administered Arrangement (MoAA) between the Regulator and Commissioner of State Taxation.

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

DIT disburses the insurer premium component of the premium and the associated GST to CTP Insurers and the stamp duty and administration premium component of the premium 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 DIT and SA Police designed to reduce the incidence or impact of road accidents and injuries
- customer support and transaction services provided by DIT 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 2021

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 which 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 Treasurer 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 2021

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 2020-21, these transactions are comprised of the CTP Regulator's administered payments to SA Government agencies.

2. Income

2.1. Administration premium component of the premium collections

	2021	2020
	\$'000	\$'000
Hospital and emergency fees	32 480	31 515
Road safety fees	14 173	14 390
Customer support and transaction fees	10 632	10 693
CTP Scheme regulation and administration fees	7 444	8 577
Total administration premium component of the premium collections	64 729	65 175

The stamp duty and administration premium component of the premium collections are recognised as earned on the date of receipt in the Department for Infrastructure and Transport's (DIT) Transport Regulation User Management Processing System. The stamp duty component of the total premium is shown under note 9.4 Administered Items. Refer to note 1.2 for details about the nature of this income.

2.2. Interest

	2021	2020
	\$'000	\$'000
Deposit account interest receipts	11	132
Total interest revenues	11	132

2.3. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	12	11
Total resources received free of charge	12	11

Contributions of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The Regulator receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

2.4. Other income

	2021 \$'000	2020 \$'000
CTP Regulator's share of unearned premium on novated policies	15 089	-
Other	9	38
Total other income	15 098	38

In accordance with a Ministerial Direction issued by the Minister of Finance dated 27 July 2016, and pursuant to section 5(3) of the *Motor Accident Commission Act 1992*, the final payment of the remaining administrative component of unearned premiums held by the Motor Accident Commission totalling \$15.089 million was paid to the CTP Regulator in 2021.

3. Committees and employees

3.1. Key management personnel

Key management personnel of the CTP Regulator include the Treasurer, the Chief Executive and the two members of the executive team who have responsibility for the strategic direction and management of the statutory authority.

The compensation disclosed in this note excludes salaries and other benefits the Treasurer receives. The Treasurer'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*.

	2021 \$'000	2020 \$'000
<u>Compensation</u>		
Salaries and other short term employee benefits	691	690
Post-employment benefits	65	62
Total	756	752

Transactions with Key Management Personnel and other related parties

No significant transactions were identified between key management personnel and other related parties during the reporting period.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

3.2. Employee benefits expense

	2021	2020
	\$'000	\$'000
Salaries and wages	2 637	2 567
Employment on-costs - superannuation	281	282
Employment on-costs - payroll tax	149	159
Long service leave	(54)	128
Annual leave	223	241
Skills and experience retention leave	8	(10)
Other employee related expenses	15	19
Total employee benefits expense	3 259	3 386

The superannuation employment on-cost charge represents the CTP Regulator's contributions to superannuation plans in respect of current services of current employees. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

Executive remuneration	2021	2020
	No.	No.
The number of employees whose remuneration received or receivable falls within the following bands:		
\$194 001 - \$214 000	2	2
\$334 001 - \$354 000	-	1
\$354 001 - \$374 000	1	-
Total	3	3

The total remuneration received by those employees for the year was \$762 000 (2020: \$758 000)

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, fringe benefits and any related fringe benefits tax paid.

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 2021

3.3. Employee benefits liability

	2021 \$'000	2020 \$'000
<u>Current</u>		
Accrued salaries and wages	87	75
Annual leave	231	217
Long service leave	27	25
Skills and experience retention leave	14	11
Total current employee benefits	359	328
<u>Non-current</u>		
Long service leave	398	459
Total non-current employee benefits	398	459
Total employee benefits liability	757	787

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 10.1.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Contractors and other outsourced services	510	605
Accommodation	263	259
Consultants	560	567
Legal costs	51	72
Service level agreement fees	314	322
Information technology expenses	263	234
General administration and consumables	72	51
Training and development	38	32
Minor works maintenance and equipment	5	9
Other	28	12
Total supplies and services	2 104	2 163

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 Infrastructure and Transport. This arrangement does not meet the definition of a lease and accordingly are expensed.

Consultants

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

	2021	2020	2021	2020
	Number	Number	\$'000	\$'000
Below \$10 000	1	-	3	-
\$10 000 or above	2	2	557	567
Total	3	2	560	567

CTP Regulator

Notes to and forming part of the financial statements

For the year ended 30 June 2021

4.2. Administration premium component of the premium distributions

	2021	2020
	\$'000	\$'000
Hospital and emergency services	33 480	29 274
Road safety services	12 725	13 220
Customer support and transaction services	10 500	10 400
Total administration premium component of the premium distributions	56 705	52 894

The administration premium component of the premium distributions cover the costs of a range of government services associated with the CTP Scheme. Refer to note 1.2 for details about the nature of these distributions.

4.3. Other expenses

	2021	2020
	\$'000	\$'000
CTP Scheme improvement projects*	-	116
Medical practitioner payments**	-	77
Total other expenses	-	193

*CTP Scheme improvement projects (one-off)

The total expense for 2019-20 relates to costs associated with the Department of Infrastructure and Transport's 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.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment by asset class

	2021 \$'000	2020 \$'000
<u>Plant and equipment</u>		
IT equipment	226	226
Accumulated depreciation	(207)	(162)
Total IT equipment	19	64
Total property, plant and equipment	19	64

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.

5.2. Property, plant and equipment

Reconciliation 2020-21

	IT equipment \$'000	Total \$'000
Carrying amount at 1 July 2020	64	64
Depreciation	(45)	(45)
Carrying amount at 30 June 2021	19	19

Reconciliation 2019-20

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

5.3. Intangible assets

	2021 \$'000	2020 \$'000
<u>Computer software</u>		
Externally purchased software	1 390	1 390
Accumulated amortisation	(1 390)	(1 112)
Total computer software	-	278

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

5.3. Intangible assets continued

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.

Reconciliation 2020-21

	Externally purchased software \$'000	Total \$'000
Carrying amount at 1 July 2020	278	278
Amortisation	(278)	(278)
Carrying amount at 30 June 2021	-	-

Reconciliation 2019-20

2020	Externally purchased software \$'000	Total \$'000
Carrying amount at the beginning of the year	556	556
Amortisation	(278)	(278)
Carrying amount at the end of the year	278	278

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.

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:

	Useful life (years)
Office equipment - IT	5
Intangible assets	5

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	40 876	34 552
Total cash and cash equivalents	40 876	34 552

Deposits with the Treasurer

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

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
Other receivables	922	-
Total trade receivables	922	-
Prepayments	58	32
Accrued revenue	510	499
Accrued interest revenue	-	3
Total current receivables	1 490	534
Total receivables	1 490	534

Prepayments are recognised for amounts paid for services not rendered by 30 June 2021. Accrued revenues are recognised for the administration premium component of the total premium collection up to and including 30 June 2021 but not yet received.

Prepayments and accrued revenues are non-interest bearing.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

7. Liabilities

7.1. Payables

	2021 \$'000	2020 \$'000
Current		
Creditors and accrued expenses	7 594	18 071
Employment on-costs	54	48
Total current payables	7 648	18 119
Non-current		
Employment on-costs	38	43
Total non-current payables	38	43
Total payables	7 686	18 162

Payables are measured at nominal amounts.

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, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits are discharged.

7.2. Provisions

	2021 \$'000	2020 \$'000
Movement in provisions		
	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the period	12	9
Payments/other sacrifices of future economic benefits	7	3
Additional provisions recognised	(3)	-
Carrying amount at the end of the period	16	12

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

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

8. Other disclosures

8.1. Cash flow

Reconciliation of net result to cash flows from operating activities

	2021 \$'000	2020 \$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	40 876	34 552
Balance as per the Statement of Cash Flows	40 876	34 552
<u>Reconciliation of net cash provided by/(used in) operating activities to net result</u>		
Net cash provided by/(used in) operating activities	6 324	21 737
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense	(323)	(320)
<u>Movement in assets and liabilities</u>		
Increase/(decrease) in receivables	956	(371)
(Increase)/decrease in payables	10 476	(14 472)
(Increase)/decrease in employee benefits	30	(171)
(Increase)/decrease in provisions	(4)	(3)
Net result	17 459	6 400

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

9. Outlook

9.1. Unrecognised contractual commitments

Commitments include expenditure commitments arising from contractual sources and are disclosed at their nominal value. As at 30 June 2021, the CTP Regulator has contractual commitments for the provision of CTP Scheme actuarial services and internal audit functions as reported.

Expenditure commitments

	2021	2020
	\$'000	\$'000
No later than one year	581	495
Later than one year but not longer than five years	1 696	54
Total other commitments	2 277	549

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

9.2. Administered items

Statement of Comprehensive Income for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Administered income		
Stamp duty collected	41 916	41 353
Total administered income	41 916	41 353
Administered expenses		
Stamp duty expensed	41 916	41 353
Total administered expenses	41 916	41 353
Net result	-	-

Statement of Financial Position as at 30 June 2021	2021 \$'000	2020 \$'000
Administered assets		
Receivables	339	323
Cash and cash equivalents	3 875	3 738
Total administered assets	4 214	4 061
Administered liabilities		
Payables	4 214	4 061
Total administered liabilities	4 214	4 061
Net administered assets	-	-

Statement of Cash Flows for the year ended 30 June 2021	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Cash inflows		
Taxation receipts	41 900	41 626
Cash generated from operating activities	41 900	41 626
Cash outflows		
Taxation payments	(41 763)	(41 987)
Cash used in operations	(41 763)	(41 987)
Net cash provided by / (used in) operating activities	137	(361)
Net increase / (decrease) in cash and cash equivalents	137	(361)
Cash and cash equivalents at the beginning of the reporting period	3 738	4 099
Cash and cash equivalents at the end of the reporting period	3 875	3 738

Refer to Note 1.2 for details on administered items.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

9.3. 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 2021-22

9.4. Events after the reporting period

No circumstance has arisen that has affected or may significantly affect the CTP Regulator's operations since 30 June 2021.

10. Measurement and risk

10.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* (AASB 119) 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 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 increased from 0.75% in 2020 to 1.25% in 2021.

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The actuarial assessment performed by DTF has kept the salary inflation rate remain at 2.5% for long service leave liability.

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 \$61 000 and employee benefits expense of \$61 000. 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.

CTP Regulator
Notes to and forming part of the financial statements
For the year ended 30 June 2021

10.2. Financial instruments

Financial risk management

The CTP Regulator's risk management policies are in accordance with the *SA Government Risk Management Guide* 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.

Impairment of financial assets

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.

Classification of financial instruments

The CTP Regulator measures all financial instruments at amortised cost.

Statutory receivables and payables

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes, fees and charges, Auditor-General's department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. 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.