

Annual Report

2018-19

State Insurance Regulatory Authority

31 October 2019

Letter to the Minister

31 October 2019

The Hon Victor Dominello MP
Minister for Customer Service
52 Martin Place
SYDNEY NSW 2000

Dear Minister

We are pleased to submit for your information and presentation to Parliament, the annual report for the NSW State Insurance Regulatory Authority (SIRA), for the financial year ending 30 June 2019.

This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the Annual Reports (Statutory Bodies) Regulation 2015, and other relevant legislation.

The report details our major activities and achievements for the financial year as the regulator of the State's workers compensation, motor accidents compulsory third party, and home building compensation insurance schemes in NSW and as a provider of dispute resolution services.

Yours sincerely



Carmel Donnelly
Chief Executive
State Insurance Regulatory Authority



Trevor Matthews
Chair
State Insurance Regulatory Authority Board

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About SIRA

Who we are

The State Insurance Regulatory Authority (SIRA) is a statutory body and NSW Government agency constituted under section 17 of the *State Insurance and Care Governance Act 2015*.

We were established on 1 September 2015 and are governed by an independent Board.

For the 2018-19 financial year, SIRA was located within the Finance, Services and Innovation Cluster, with SIRA staff employed by the NSW Department of Finance, Services and Innovation.

What we do

The State's workers compensation, motor accidents compulsory third party (CTP), and home building compensation insurance schemes exist so that people who may have suffered injury or financial loss are supported to recover and move forward.

Each year, people are injured in road and workplace accidents in New South Wales, some of them seriously, and a small proportion of people who have engaged a builder for home construction or renovation suffer financial loss when the builder or tradesperson dies, disappears, becomes insolvent, or has their licence suspended for failing to comply with a court or tribunal order.

SIRA regulates these statutory compensation schemes and plays a strong role in funding, promoting and informing injury prevention and in reducing the need for compensation claims. It also provides independent dispute resolution services.

In addition, SIRA has specific functions within the Lifetime Care and Support Scheme and the Dust Diseases Scheme.

Our purpose

As the regulator of workers compensation, motor accidents CTP and home building insurance schemes in NSW, our purpose is to hold insurers and service providers accountable and to advance the wellbeing and confidence of the people and businesses of NSW through sustainable insurance and support systems, so that:

1. People injured on the road or at work, or who suffer financial loss while building a home, can easily make a claim for the compensation available to them under legislation.
2. People injured on the road or at work have access to treatment and support that will genuinely help them to recover and carry on with their life.
3. People who own a vehicle, employers and home building contractors can purchase the insurance they are required to hold at an affordable price.

SIRA undertakes system-wide stewardship of the schemes it oversees to ensure they deliver on the intent of the schemes and SIRA's goals. SIRA does this by working together with insurers, medical and legal professionals, and other scheme providers and stakeholders to deliver the best possible outcomes for claimants and policyholders.

Our customers

Our customers include:

- workers compensation, motor accidents CTP and home building compensation insurance policy holders
- people who are injured in motor vehicle accidents or while working
- motor vehicle owners and road users
- workers and employees
- employers
- builders and home owners who are customers of the home building compensation scheme.

Our Board

The State Insurance Regulatory Authority (SIRA) Board is responsible for determining the strategic direction of SIRA, overseeing the performance of SIRA's activities and ensuring that SIRA's goals and outcomes are aligned with both the whole-of-government priorities, and the needs of its customers. The SIRA Board is comprised of seven members who have extensive professional experience both within Australia and internationally.



Trevor Matthews

Chair

Mr Matthews has extensive insurance and financial services experience in Australia, Canada, Japan and the United Kingdom (UK).

Presently, he is Chairman of AMP Life, 1st Group Limited and CMC Markets Australia Group and a non-executive director of AMP Limited, AMP Bank, Bupa Australia and New Zealand Group, FNZ Asia Pacific Group, and Edelweiss Tokio Life Insurance.

Previously, he was a Director of CoverMore Limited and Tokio Marine Asia and prior to that, Executive Director and Chairman,

Developed Markets Aviva and Chief Executive Officer (CEO) of Aviva UK. Mr Matthews has also held CEO positions with Friends Provident and Standard Life UK, both based in the UK, as well as Manulife Financial in Japan. Prior to that, he had senior roles with Manulife in Canada and with National Australia Bank and Legal & General in Australia.

He has a Master of Arts (Actuarial Studies) from Macquarie University, is a Fellow of the Institute of Actuaries in both Australia and the UK, and a Fellow of the Australian Institute of Company Directors.



Nancy Milne OAM

Deputy Chair

Ms Milne is a former lawyer with over 30 years' experience primarily in insurance and reinsurance, risk management, corporate governance and professional negligence.

Currently Chair of the Accounting Professional and Ethical Standards Board, Securities Exchange Guarantee Corporation, and the SIRA Compulsory Third Party Premium Committee, Ms Milne is also an Independent Member of the SIRA Audit and Risk Committee, a director of FBR Limited, ALE Property Group, and a member of the Asbestos Safety and Eradication Council and the

NSW Council of the Australian Institute of Company Directors.

She was a partner with Clayton Utz until 2003 and a consultant until 2012. In 2008, she was awarded the Order of Australia Medal for services to the legal sector particularly as an insurance lawyer and to the community. She was also previously a director of the Australand Group (now Frasers Property Group), Greenstone Limited, and the Superannuation Administration Corporation (Pillar Administration).

Ms Milne has a Bachelor of Law from the University of Sydney and is a fellow of the Australian Institute of Company Directors.



Dr Abby Bloom

Board member

Dr Bloom MPH PhD FAICD is an experienced company director. In addition to SIRA, she is a director of Sydney Water Corporation and the Sydney Children's Hospitals Network. She is also a member of the Advisory Boards of Griffith University Enterprise and the digital company ID Exchange, and is a Board Observer for Cadenza Innovation, a US-based versatile Li-Ion energy storage company.

Dr Bloom is the Chair of the SIRA Audit and Risk Committee, and an Independent Member of the Audit and Risk Committees for the

NSW Department of Communities and Justice, Rookwood Cemetery and Southern NSW Local Health District. Her previous directorships include Western Sydney Local Health District, Recovre Holdings and Gymnastics NSW.

Following a successful career as a senior executive and corporate advisor in health and health care, utilities, infrastructure, education, insurance and ageing, she has been a company director for over 15 years. Dr Bloom has been involved as founder of and advisor to numerous start-ups over more than two decades. She is active as a mentor of women innovators, and as an angel investor in disruptive startups.

She is a graduate of Yale and Sydney universities, and is an Adjunct Professor in the Sydney University Medical School, Menzies Centre for Health Policy. Dr Bloom is respected for her insights and guidance, which incorporate her expertise in digital enablement, big data and innovation. She has worked in over 20 countries, and has provided advice on public-private partnerships, health, and project finance to the World Bank, International Finance Corporation, Asian Development Bank, AusAid, US State Department, Australian Government and UNICEF. Yale University Public Health named Dr Bloom one of its 100 top leading graduates since its founding over a century ago.



Dr Graeme Innes AM

Board member (nominee of the Secretary, Department of Finance, Services and Innovation)

Dr Innes has been involved in numerous human rights reform initiatives that have resulted in ground breaking change, perhaps most significantly as the Human Rights Commissioner for Australia. He was involved in drafting the United Nations Convention to the Rights of Persons with Disabilities, and has also served as Australia's Race Discrimination Commissioner.

Dr Innes was Chair of the Disability Advisory Council of Australia, and the first Chair of Australia's national blindness agency, Vision

Australia. He also played a key role in developing the National Disability Strategy and the Disability (Access to Premises - Buildings) Standards 2010, and the establishment of Liveable Housing Australia.

In 1995, Dr Innes was entered into the Order of Australia as a Member (AM) for his contribution to the rights of people with a disability in Australia. In 2003, he was a finalist for Australian of the Year. Since 2015, he has been awarded four honorary doctorates by Australian universities for his human rights and advocacy work.

He now works as a Non-Executive Director, serving on the SIRA Board, and the boards of Life Without Barriers, and the Pricing Regulation Group of the National Disability Insurance Agency.



The Hon Greg Keating

Board member

The Hon Greg Keating was appointed a Judge of the NSW District Court and President of the NSW Workers Compensation Commission in 2007. He retired from these roles in 2018 after 11 years of service to people impacted by work-related injury. Mr Keating is now practising as a Nationally Accredited Mediator.

Mr Keating was admitted as a solicitor on 11 November 1980. He has practiced extensively in insurance, defamation and industrial law. Mr Keating was an accredited personal injury practitioner. He was Managing Partner of McClellands Lawyers until its

amalgamation with Slater and Gordon in August 2007.

Mr Keating was a Director of the WorkCover Authority from 1998 to 2007. He has held honorary appointments with the Cancer Council of New South Wales and to the Paraplegic and Quadriplegic Association. From 1992 to 2007, he was a member of the Law Society Personal Injury Committee.



Rod Stowe PSM

Board member

Mr Stowe stepped down as the NSW Fair Trading Commissioner in July 2017 in order to proceed on long service leave, pending his formal retirement from the NSW Public Service in November 2018.

Mr Stowe's six-year term as Commissioner was part of a distinguished 29-year career in the Fair Trading / Consumer Affairs portfolio. Some of his more significant achievements over this period include successful implementation of the consumer protection strategy for the Sydney 2000 Olympic Games, development of the Australian Consumer Law, and introduction of

the groundbreaking NSW Complaints Register.

During his 41 years of service with the NSW Government, Mr Stowe also had postings in portfolios covering environmental protection, education and youth affairs, local government and state superannuation.

Mr Stowe has extensive board governance experience having previously been Chair of the NSW Rental Bond Board and NSW Financial Counselling Trust Fund and a member of the Cemeteries and Crematoria Board of NSW and the Travel Compensation Fund. In November 2017, he was appointed Chair of the Board of the Superannuation Consumers' Centre. Recently, Mr Stowe was appointed as Chair of the Board of The Consumer Advocacy Trust.

Mr Stowe was awarded the Public Service Medal for services to consumer protection in the 2011 Queen's Birthday Honours List. He is also the recipient of the Society of Consumer Affairs Professionals Life Achievement Award (2016), the Choice Consumer Champion Award (2017) and the NSW Government Meritorious Service Medallion (2018). Mr Stowe was made a Fellow of the Royal Society of NSW in 2017.



Carmel Donnelly

Board member and SIRA Chief Executive

Ms Donnelly has been the Chief Executive of SIRA and a Board member in an ex-officio capacity since March 2017.

Ms Donnelly has extensive experience as a senior executive in NSW Government including as an Executive Director in SIRA, General Manager of the Motor Accidents Authority of NSW and Director, Strategy and Planning with Fire and Rescue NSW. She has also been a Review Director in the NSW Department of Premier and Cabinet and an Associate Director in NSW Health.

Ms Donnelly holds an Executive Master of Business Administration from the Australian Graduate School of Management, a Master of Public Health from the Faculty of Medicine at Sydney University, and a Bachelor of Arts (Honours Psychology). She is a Graduate Member of the Australian Institute of Company Directors and an Associate Fellow of the Australasian College of Health Service Management.

Ms Donnelly is the NSW Member of Safe Work Australia and is also a Member of the Board of the Personal Injury Education Foundation.

Related Information

Committees of the Board

Dr Bloom chairs the SIRA Audit and Risk Committee and Mr Matthews, Ms Milne and Dr Innes are Independent Members of the SIRA Audit and Risk Committee.

Ms Milne chairs the SIRA Board's Compulsory Third Party Premium Committee.

Dr Innes chairs the SIRA Board's Dispute Resolution Advisory Committee and Mr Keating serves as a member.

Message from the Chair

I am pleased to introduce the fourth Annual Report for the State Insurance Regulatory Authority (SIRA).

This year the Board welcomed two additional members. Mr Rod Stowe PSM has deep expertise as a regulator and consumer advocate having served as the NSW Fair Trading Commissioner from 2011-2017. The Hon Greg Keating has extensive experience in insurance and industrial law and was a Judge of the NSW District Court and President of the NSW Workers Compensation Commission from 2007-2018. Both bring unique knowledge and experience to complement the existing Board members who were reappointed to the Board by the Minister for Finance, Services and Property during the year.

I was also pleased to announce the establishment of the Dispute Resolution Advisory Committee. This expert advisory committee advises the Board on matters relating to dispute resolution services for injured people and insurers across the various personal injury compensation schemes.

Throughout the reporting year, the findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, and the Australian Prudential Regulation Authority Capability Review, have been an area of close consideration for the Board and SIRA Executive. Many key themes and issues arising from those reviews are important for SIRA, and the organisation is responding to changing community expectations regarding the role of regulators and the entities they oversee.

Importantly, SIRA continued to put in place the foundations to improve customer experience and results, maintain scheme and policy affordability and build public trust. In 2018-19, we commenced programs of work to significantly expand the amount of data SIRA makes publicly available, strengthen SIRA's supervision capabilities and improve insurers' performance.

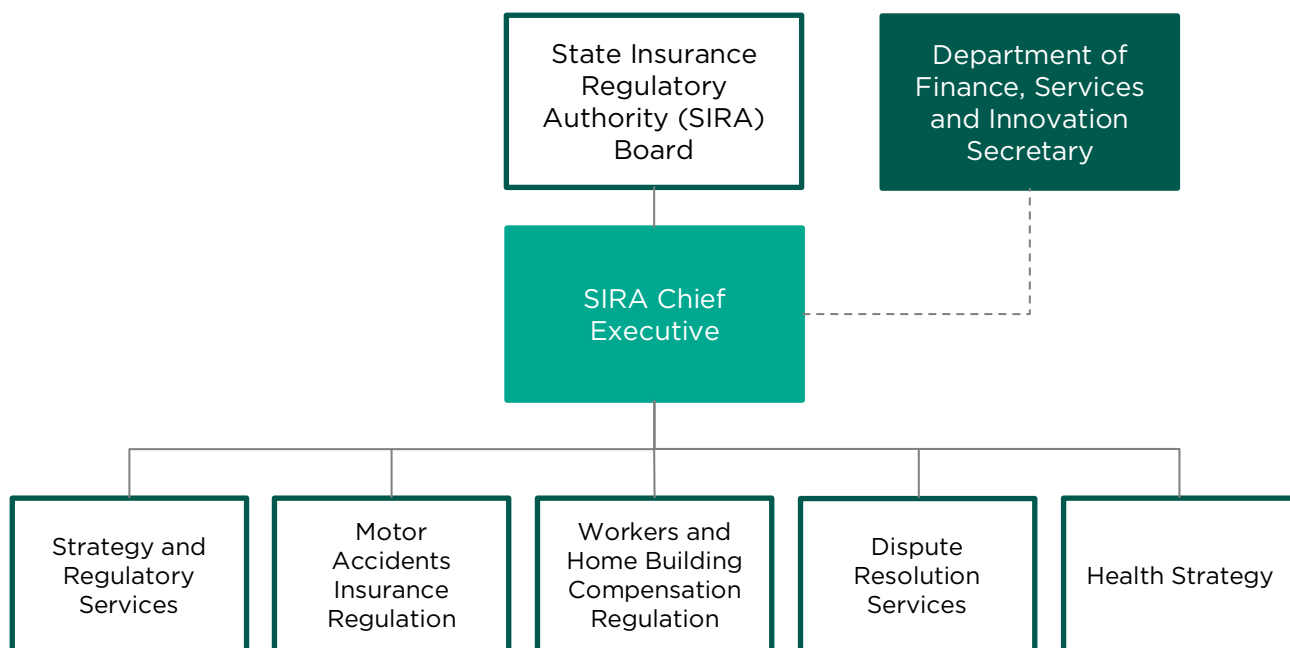
The achievements of the past year would not have been possible without the efforts and commitment of all SIRA staff. On behalf of the Board, I want to acknowledge their ongoing hard work and express our thanks.

We have a number of major initiatives underway that will continue into the next financial year. The Board looks forward to working closely with the SIRA Executive and broader team in delivering our strategic objectives and to improving outcomes and experiences for the NSW community.



Trevor Matthews
Chair, SIRA Board

Our 2018-19 structure



Office of the Chief Executive

The Office of the Chief Executive coordinates and directs support services to the Chief Executive and is the primary point of contact for the Chief Executive.

Strategy and Regulatory Services

Strategy and Regulatory Services is responsible for driving and contributing to the achievement of key organisational priorities and effective management of strategic and operational risk.

Motor Accidents Insurance Regulation

Motor Accidents Insurance Regulation oversees the NSW Compulsory Third Party (CTP) insurance scheme, also known as Green Slip insurance.

Workers and Home Building Compensation Regulation

Workers and Home Building Compensation Regulation oversees the workers compensation and home building compensation schemes in NSW. It also has a role in relation to dust diseases, sporting injuries, bush fire, and emergency and rescue services.

Dispute Resolution Services

Dispute Resolution Services hosts independent decision-makers and delivers dispute resolution support services to injured people and insurers, principally in the CTP schemes.

Health Strategy

Health Strategy is responsible for developing the strategy and initiatives that enable SIRA to support better health and recovery outcomes for the people of NSW.

Our Executive

Theresa Fairman

Executive Director, Strategy and Regulatory Services

Ms Fairman was appointed as SIRA's Executive Director, Strategy and Regulatory Services in February 2019.

Ms Fairman has held a number of senior executive communications and governance roles in New South Wales and Commonwealth public sector agencies spanning more than 20 years. Ms Fairman has extensive experience in issues management, digital strategy and behavioural marketing and holds a Bachelor of Arts and a Master of Public Administration from the University of Sydney.

Mary Maini

Executive Director, Motor Accidents Insurance Regulation

Ms Maini was appointed as SIRA's Executive Director, Motor Accidents Insurance Regulation in 2017.

With a background in law, Ms Maini has over 25 years of executive management experience leading customer service, strategy, organisational change and business operations. Previously, Ms Maini held executive roles in the insurance sector delivering complex business operations.

Darren Parker

Executive Director, Workers and Home Building Compensation Regulation

Mr Parker joined SIRA in 2015 and has worked in several executive roles regulating the workers compensation, home building and motor accidents and insurance schemes.

Mr Parker has extensive senior executive experience across all tiers of Government and the insurance sector. Mr Parker holds a Master's Degree in Business Administration from the International Graduate School of Management, University of South Australia and has received multiple Commissioner of Police commendations for excellence and bravery during his Policing career.

Ryan Williams

Acting Executive Director, Dispute Resolution Services

Mr Williams commenced in the role of Acting Executive Director, Dispute Resolution Services at SIRA in February 2019.

Mr Williams has held senior roles in New South Wales public sector agencies for more than 20 years, including executive leadership roles across both the NSW workers compensation scheme and the motor accident compulsory third party schemes for SIRA. Mr Williams studied Social Science (Habilitation) at the Australian Catholic University and holds a graduate certificate in Public Sector Management from Macquarie University.

Dr Petrina Casey

Director, Health Strategy

Dr Casey is an experienced executive who has worked across the government, insurance, disability and life insurance sectors. Dr Casey holds a Master of Public Health and a Doctor of Philosophy from Sydney University Faculty of Medicine. Her research principally focused on the intersection between health, legal and claims outcomes in a personal injury compensation policy setting.

Chief Executive's foreword

Over 2018-19 SIRA worked to improve customer experience and results in the insurance schemes we regulate. We updated our regulatory approach to hold insurers accountable through enforcement and supervision and we increased reporting on performance of the schemes and SIRA regulatory activities.

We introduced new standards of practice for workers compensation outlining claims management principles and benchmarking indicators to measure performance. During 2018-19 we also developed an online Claims Management Guide for workers compensation - a 'one stop shop' for NSW workers compensation claims management information, with the new platform being launched in August 2019.

We launched a number of other digital and online tools and enhancements to help people know their rights and obligations and easily access the information they need. This included enhancements to Green Slip Check that make buying the best priced Green Slip even easier, online return-to-work training modules, and the new HBC Assist which helps customers determine if they need home building insurance.

We prepared for public consultation to develop consistent customer service principles across all schemes we regulate. These principles will become new licence conditions and will set clear requirements for expected customer service and conduct for insurers in the CTP, workers compensation and home building schemes. SIRA will measure insurer performance against the principles and publish the results.

SIRA worked to increase transparency to the community about the insurance systems it regulates through compliance updates and publishing scheme performance data. In 2018-19, SIRA commenced an integrated compliance and performance review of the workers compensation Nominal Insurer. Given the dominance of the Nominal Insurer in the NSW market, its success is critical to the performance of the NSW workers compensation system. The review is being undertaken by independent reviewer, Ms Janet Dore, supported by actuaries, EY and authorised officers of SIRA, with a final report to be published before the end of 2019.

We also introduced new reports on insurer performance during the year including workers compensation monthly dashboards and regular reports on insurer customer service in the CTP scheme.

Scheme affordability is a key objective for SIRA. The 2017 CTP insurance scheme continued to deliver substantially cheaper CTP premiums for the majority of motorists in NSW. We commenced a comprehensive review of health care services and costs in the NSW workers compensation and CTP schemes, to ensure the schemes enable injured people to receive the right health care at the right time for optimal health and social outcomes, in a cost-effective way. We also worked with insurers, NSW Police and other regulatory bodies to detect, deter and prosecute fraud in the schemes we regulate.

I want to acknowledge and thank the SIRA team for their dedication, hard work and innovation during the year. I look forward to working with the SIRA Board, SIRA team members and SIRA's stakeholders and customers to drive improvements and optimal outcomes for the people of NSW.

A handwritten signature in black ink, appearing to read 'C. Donnelly', with a stylized, cursive script.

Carmel Donnelly

Chief Executive

State Insurance Regulatory Authority

Our 2018-19 snapshot

The 2018-19 financial year was an important year of scrutiny for regulators of financial services entities. As SIRA responds to the changing regulatory environment, insurers were put on notice of SIRA's expectations, with work commencing on developing customer conduct principles to strengthen customer service accountability for all insurers in SIRA-regulated schemes.

Highlights for the year include:

Workers Compensation Regulation

SIRA implemented and developed a range of initiatives to improve the experience and outcomes for workers, employers and other stakeholders involved in the NSW workers compensation system. In 2018-19, SIRA:

- introduced new Standards of practice, which set clear and consistent expectations for claims management and insurer conduct
- developed new regulations and guidelines to support a new simplified pre-injury average weekly earnings calculation
- launched a new return to work online training platform to help employers understand their obligations and better support workers returning to work after a work-related injury.

SIRA's commitment to transparency saw increased workers compensation scheme-wide performance reporting with our workers compensation dashboard now including data on return to work rates and scheme costs. The dashboard is published on the SIRA website and enables insurers and employers to benchmark their performance against overall scheme performance.

Work also commenced on an open-data portal, a self-service visual analytics tool that makes it easier to view scheme performance over time. The portal is designed to improve transparency and accountability in the workers compensation scheme.

Motor Accidents Insurance Regulation

Policyholders continue to experience more affordable Green Slip premiums under the 2017 Compulsory Third Party (CTP) scheme, with an average premium price of \$490 for all NSW vehicles for the quarter ending 30 June 2019, the lowest premium experienced by NSW motorists since 2012.

Minimising excessive insurer profits remained a focus for SIRA with work continuing on transitional excessive profits or losses (TEPL) guidelines. Under TEPL, insurer profits will be capped, with a mechanism applied to reduce excess profits and for any excess profits to be returned to NSW motorists via reduced CTP fund levies. The work undertaken in 2018-19 culminated in the new TEPL guidelines being published in October 2019. The guidelines apply to CTP policies issued from 1 December 2017.

SIRA also released a range of resources to help customers and other stakeholders understand their rights and obligations under the 2017 CTP scheme and to improve customer experience and outcomes, including:

- comparing and buying the best priced Green Slip was made easier with a new 'buy now' function, providing a seamless transaction from selecting the best price to purchasing the policy

- new online explanatory animations outlining key features of the 2017 CTP scheme in an easy-to-understand format
- new resources for NSW health practitioners on 'minor injury' and billing practices.

Home Building Compensation Regulation

SIRA published new guidelines to regulate pricing arrangements for alternative indemnity products offered under the home building compensation scheme, and to promote new entrants into the market.

A new online tool, HBC Assist was launched to help homeowners, builders, tradespeople, owner-builders and developers understand when home building compensation cover may be needed.

Dispute Resolution Services

SIRA Dispute Resolution Services worked with the Workers Compensation Commission and the Workers Compensation Independent Review Office to enable smooth implementation of 2018 legislative reforms that centralise resolution of all workers compensation disputes with the Workers Compensation Commission. SIRA Dispute Resolution Services teams also undertook a review and improvement program to align the way we deliver dispute resolution services more closely to best practice.

Health Strategy

SIRA established a Health Strategy team designed to ensure people injured at work or on NSW roads receive the most cost effective, appropriate and timely care.

During 2018-19, Health Strategy commenced a comprehensive review of health care arrangements to understand and respond to rising health care costs in the workers compensation and CTP schemes.

Our regulatory programs

Workers Compensation Regulation

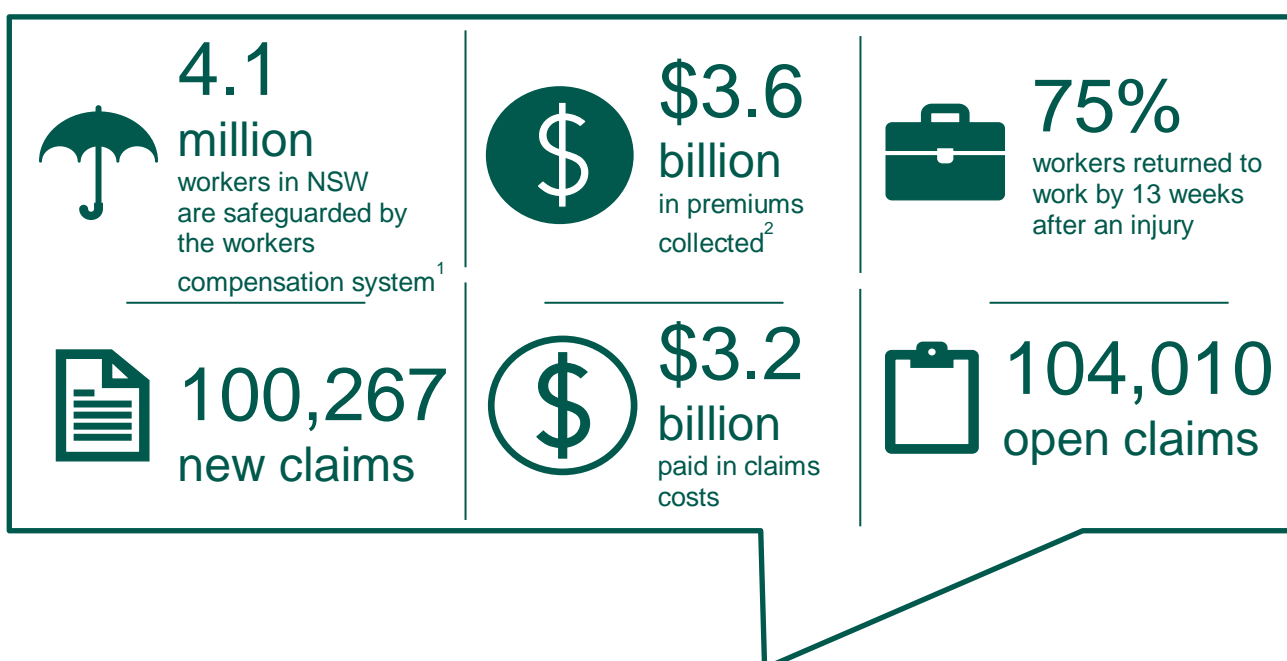
Scheme snapshot

The NSW workers compensation system is the largest defined benefit scheme in Australia. SIRA regulates the workers compensation system to ensure the system is sustainable, fair and affordable and provides support for workers with a work-related injury.

In 2018-19, the system protected more than 4.1 million workers¹, collecting \$3.6 billion² in premiums and returning \$3.2 billion in claims costs. There were 100,267 newly reported claims this financial year.

Current insurers within the workers compensation system that SIRA regulates are:

- **Nominal Insurer** – a statutory insurer responsible for the Workers Compensation Insurance Fund (managed by Insurance and Care NSW (icare) and known as ‘workers insurance’)
- **Specialised insurers** – six insurers licensed to operate within particular industries
- **Self-insurers** – 61 large employers licensed to self-insure; an increase of three self-insurers from the previous financial year
- **Treasury Managed Fund (TMF)** – the NSW Government’s managed fund scheme is administered by the NSW Self-Insurance Corporation, which is managed by icare and known as ‘insurance for NSW’.



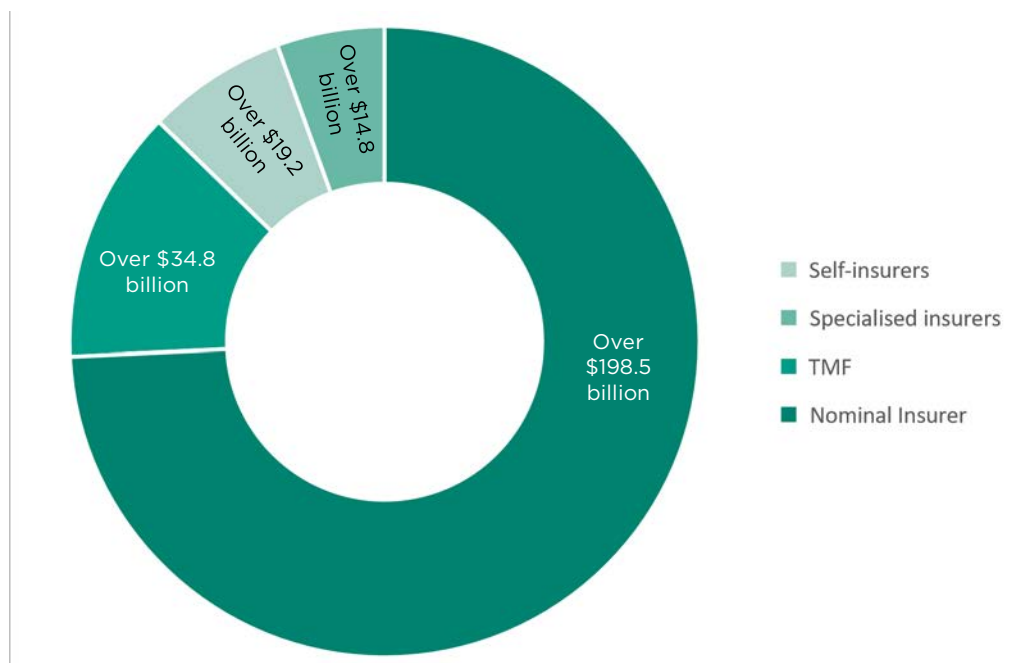
¹ Actual plus estimate, where the estimated component is approximately 1.4 per cent.

² Actual plus estimate, where the estimated component is approximately 3.3 per cent.

Market share by insurer type

In 2018-19, the system insured businesses that were responsible for \$267 billion of reported wages³ in NSW. Of those wages, 74 per cent were insured by the Nominal Insurer, 13 per cent by TMF, seven per cent by self-insurers, and six per cent by specialised insurers.

Total reported NSW wages by insurer segment



Workers compensation legislative amendments

During 2018-19, a number of amendments to workers compensation legislation were passed by NSW Parliament. These are designed to improve the experience and outcomes for workers, employers and others in the NSW workers compensation system.

Reforms to help firefighters

New laws commenced in 2018-19 which make it simpler and quicker for eligible NSW firefighters to make claims for workers compensation entitlements and support, if diagnosed with a specified primary cancer.

The new provisions mean that eligible firefighters diagnosed with any of 12 specified primary cancers, and who meet the corresponding minimum qualifying periods of service, are automatically presumed to have developed the cancer because of their firefighting work or volunteer service.

Eligible firefighters diagnosed before 27 September 2018 may be able to access the presumption retrospectively when specific circumstances are met.

Changes to simplify dispute resolution processes

The *Workers Compensation Legislation Amendment Act 2018* introduced changes to simplify workers compensation dispute resolution processes and restore the Workers Compensation Commission's exclusive jurisdiction for all disputes under the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998* including work capacity decision disputes.

³ Actual plus estimate, where the estimated component is approximately 1.4 per cent.

The changes to workers compensation dispute resolution processes commenced on 1 January 2019 and apply to all decisions made by insurers on or after that date.

Other changes included provisions to reduce or prevent disputes, modernising the operation of the workers compensation legislation and allowing SIRA to more effectively undertake its regulatory and oversight functions.

Simplified pre-injury average weekly earnings calculation

The *Workers Compensation Legislation Amendment Act 2018* included changes to simplify and improve a worker's pre-injury average weekly earnings (PIAWE) calculation.

During the 2018-19 financial year, SIRA consulted extensively with key stakeholders, including insurers, unions, employers and legal representatives in developing the regulations and guidelines that support the new PIAWE framework, which commenced in October 2019.

The changes simplify the way in which a worker's entitlement to weekly benefits is calculated so it is easier for workers and employers to understand and for insurers to apply.

Prior to these changes, PIAWE had been identified as a key contributor to disputes in the existing system, due to the complexity of the calculation framework.

Insurer performance

Self-insurer licensing framework

SIRA's insurer licensing framework was updated in 2017, with revised licence conditions and regulator tools to drive improved insurer performance.

The framework ensures SIRA regulates in a clear and consistent way, using data to actively supervise the performance of self-insurers in claims management, conduct and financial ability.

As part of the framework, SIRA introduced a self-insurer tiering model, resulting in an initial tiering of self-insurers in mid-2018. SIRA continues to review and optimise the self-tiering model to increase visibility and improve assessment of insurer performance through relevant metrics and information, including stakeholder feedback.

Over 2018-19 SIRA developed the Insurer Accountability Portal to allow SIRA and self-insurers to effectively monitor risks through the timely exchange and validation of data, to communicate efficiently, and to streamline licensing processes.

Consistent and clear expectations – improved standards and guidelines

SIRA commenced new Workers compensation guidelines and Standards of practice, with effect from 1 January 2019. The revised guidelines and standards are designed to improve outcomes in the workers compensation system by ensuring clear, consistent and easy to access expectations are set for all insurers, and to guide insurer conduct and claims management.

Guidelines

The streamlined and consolidated Workers compensation guidelines aim to support delivery of the objects of the *Workers Compensation Act 1987* and the *Workplace Injury Management and Workers Compensation Act 1998* and associated regulations by informing and guiding insurers, workers, employer's injury management consultants, independent medical examiners and other stakeholders on the process of claiming workers compensation in NSW.

On 1 January 2019, the new Workers compensation medical dispute assessment guidelines commenced, replacing the former WorkCover medical assessment guidelines 2006.

The commencement of the Workers compensation guidelines and the Workers compensation medical dispute assessment guidelines complemented the reforms to workers compensation dispute resolution. SIRA revoked the WorkCover interim payment direction guidelines 2009.

Standards of practice

The Standards of practice introduced during the year, outline claims administration and conduct expectations for insurers. The Standards of practice support and encourage insurers to have effective claims management practices to help deliver positive experiences and outcomes for workers.

The Standards of practice outline claims management principles and apply to all insurer claims handling and administration activities from 1 January 2019.

The Standards of practice clearly set out principles to be adopted by insurers, expectations for processes, procedures or methods to be applied, and benchmarks indicating claims activities or actions SIRA may use to measure insurer performance against expectations.

Return to work

Return to work and recovery at work are key goals of the NSW workers compensation system. There is strong evidence that encouraging and accommodating people to remain in the workplace while recovering from illness or injury helps them experience shorter recovery times and reduces disability. Staying active after injury reduces pain symptoms, and recovering at work is an important part of treatment and rehabilitation.

Return to work rates are the primary measure of the effectiveness of a workers compensation system. To be effective, the system must enable injured workers to receive the most appropriate care and medical treatment in a timely manner. This helps promote recovery at work and return to work as soon as possible.

Workplace return to work programs

In May 2017, the Guidelines for workplace return to work programs (the RTW Guidelines) commenced. The RTW Guidelines explain the obligations for different categories of employers and guide employers and their stakeholders in the development of an effective workplace return to work program.

SIRA provided additional support to employers in the two-year transition period following commencement of the RTW Guidelines. For example, SIRA arranged for over 40 workshops in metropolitan and regional NSW, run by SafeWork NSW Return to Work inspectors on SIRA's behalf.

Workshop locations included:

- Albury
- Armidale
- Ballina (x2)
- Bankstown (x2)
- Bella Vista
- Blacktown
- Buronga
- Chatswood
- Coffs Harbour
- Dubbo
- East Maitland (x2)
- Gosford
- Goulburn
- Griffith (x2)
- Liverpool
- Newcastle (x3)
- Nowra
- Orange
- Parramatta (x3)
- Penrith
- Port Macquarie (x2)
- Shellharbour
- Sydney CBD (x2)
- Tamworth (x2)
- Tweed Heads (x2)
- WaggaWagga (x2)
- Wollongong (x2)

Employer resources

SIRA provides tools and resources for employers, in addition to the RTW Guidelines, that support return to work outcomes. Key resources launched in 2018-19 include:

- return to work coordination online training (eLearning), including nine self-paced interactive modules designed to assist Return to Work Coordinators and employers to understand their obligations when assisting workers following work-related injuries or illness. A further five modules are currently under development. This free online training replaces mandatory two-day face-to-face training that was outsourced and attracted costs for employers in attendance fees and time away from the workplace. In the first two months since release of the training, more than 500 users have accessed the eLearning
- a program for employers insured with specialised insurers using predictive data modelling to identify injured workers at risk of poor return to work outcomes. The program includes workplace visits from a SafeWork NSW Return to Work Inspector on behalf of SIRA to advise on supporting return to work for injured workers
- a program providing financial assistance for small business to assist workers to recover at work. This program includes a 12-month pilot from 1 June 2019, under which a small business may be paid up to \$400 per week for six weeks to assist with the costs associated in covering the duties a worker cannot undertake while they are on a recovery at work plan with that employer.

SIRA is also commencing a project working with large employers in the community services sector where there is an identified risk of poor return to work outcomes. An initial workshop was held in May 2019 with a range of employers from this sector, with targeted visits to follow in 2019-20.

Support for workers affected by changes to treatment and payment entitlements

From September 2017, some workers ceased to be entitled to weekly payments due to section 39 of the *Workers Compensation Act 1987*, which provides that weekly payments are available for a maximum 260 weeks (five years) unless the worker has been assessed at greater than 20 per cent permanent impairment.

As a result of section 59A of the *Workers Compensation Act 1987*, from September 2019, some of the workers who were affected by section 39 in 2017-18 will also cease entitlements to medical, hospital and rehabilitation expenses.

During 2018-19, SIRA developed insurer guidance and educational materials and a new Worker Health Support Plan, to support workers who transition from entitlements due to section 59A. Information on support available for workers and their families and carers is available on the SIRA website.

SIRA conducts monthly section 59A meetings with insurers to consider trends, risks and opportunities to support workers who are transitioning from medical entitlement as a result of section 59A. Insurers also provide monthly reports to SIRA on affected workers.

Resources for customers and stakeholders

SIRA develops resources to inform and provide support and guidance for workers, employers and insurers in the workers compensation system. SIRA regularly meets with stakeholders through forums, education sessions, consultations and industry meetings.

In 2018-19, guidance and assistance provided for workers, employers, insurers and doctors included:

- help for workers to navigate their workers compensation claim via the 'Have you been injured at work?' web application
- help for workers and service providers via an animation on the purpose of the certificate of capacity/certificate of fitness and when it is needed
- assistance provided to medical providers by integrating the certificate of capacity/certificate of fitness into their practice software
- education sessions with the NSW Workers' Compensation Self-Insurers Association on:
 - SIRA's complaints handling framework
 - case management practice
 - best practice framework for managing psychological injury claims
 - case management practice
 - the insurer audit manual
 - the cessation of weekly payments after 260 weeks (five years) – s39 Transition Strategy
 - self-insurer licensing framework
 - guidelines for claiming workers compensation
 - data auditing and data submissions
- Operational Outcomes Partnership forums held throughout 2018-19 for insurers. The forums assessed and considered operational issues and barriers and co-designed operational solutions to improve claimant experience and outcomes, including:
 - August 2018 – Understanding s59A and exploring long term dependency on treatment and pharmaceuticals
 - November 2018 – Legislation and terminology in practice: communication and letter writing
 - December 2018 – Community of practice on s59A
- a Provider Operational Forum on 28 February 2019, focusing on two topics: the allied health recovery request and pharmacy
- regular communication with stakeholders and customers through digital channels such as newsletters and social media platforms and development of fact sheets on important topics for service providers, for example, a fact sheet on Better relationships, better outcomes - Tips for insurer case managers.

During 2018-19, SIRA also commenced development of an online Claims Management Guide. The Claims Management Guide is a 'one stop shop' for NSW workers compensation claims management resources and information. The platform was launched in August 2019.

Regulatory update

Commutations

A 'commutation' is where the worker and insurer agree to a single lump sum payment as an alternative to receiving ongoing weekly payments and/or medical expenses for a workplace injury. This payment should be sufficient for a worker to manage all future payments and cease their respective claim within the workers compensation system.

In 2018-19, SIRA certified 19 commutations. In 2017-18, SIRA certified 23 commutations.

Health provider approvals

Some health providers must be approved by SIRA before providing services in the NSW workers compensation system. There is a searchable list of approved health providers on the SIRA website. If approved, SIRA lists the health provider's name and contact details on the searchable list.

In 2018-19, SIRA approved a higher number of allied health providers, hearing providers and workplace rehabilitation providers than in the previous financial year, as set out below:

	Approved in 2018-19	Approved in 2017-18
Allied health providers	1,099	950
Hearing providers	10	5
Workplace rehabilitation providers	4	3
Permanent impairment assessors	2	25

Building capability

SIRA offers online and face-to-face training for various stakeholders to build capability to provide services within the workers compensation system.

The information below provides detail on training participation by health professionals and others working within the NSW workers compensation system:

Topic	Method	Audience	Attendees
Allied health practitioner training program	Competency based online program	Allied health practitioners	1,120

Return to Work inspector visits

SafeWork NSW inspectors conducted 326 inspections on behalf of SIRA relating to employers' workers compensation and return to work obligations in 2018-19.

Of these inspections, over 82 per cent (266) were proactive employer engagements where evidence was used to identify individual workplaces with a higher risk of poor return to work outcomes for recently injured workers. Visits were undertaken to review the employer's application of their return to work program and provide education about their obligations and the provision of suitable work. The remaining 60 inspections were completed in response to either a worker or a worker representative requesting support in facilitating recovery at work.

Support for small business

The Work health and safety and workers compensation small business strategy 2017-19 (WHSWC Strategy) was developed in collaboration with the Small Business Reference Group and launched in October 2017. The Small Business Reference Group comprises representatives from SIRA, SafeWork NSW, the Office of the NSW Small Business Commissioner and key business and industry bodies. It is a key mechanism for ongoing engagement with small businesses in NSW.

The WHSWC Strategy aligns with the NSW Small Business Strategy, which aims to make NSW the easiest place to start and grow a business, with a focus on providing tools and resources to help build business capability in work health and safety and workers compensation.

The WHSWC Strategy provides the framework for SIRA and SafeWork NSW to assist small businesses to better manage work health and safety, workers compensation and return to work. Key activities that have been progressed in 2018-19 include:

- ongoing proactive collaboration between SIRA and SafeWork NSW focused on recover at work initiatives, including inspector workplace visits reviewing return to work arrangements
- pilot of a new SIRA financial assistance program, Recover at work assist for small business, which aims to help small businesses overcome financial hardship when providing suitable work to help a worker recover after a work injury
- development and testing of a web-based tool for small employers (the Small Employer Assist web app) based on the principle of having the right information at the right time about workers compensation
- development of the Easy to WHS digital platform
- free, ongoing SafeWork NSW safety advisory visits
- development of research and data capabilities tailored for small businesses through SafeWork NSW's Centre for Work Health and Safety.

Performance reporting

Monthly dashboard

SIRA's monthly workers compensation system report provides regular and timely information on the performance of the NSW workers compensation system. The performance measures include effectiveness, efficiency, viability, affordability, customer experience and equity.

In 2018-19, SIRA improved its dashboard services for workers compensation system customers, with increased services that provide insights into system performance, such as return to work rates and key issues of costs to the system.

The dashboard allows stakeholders, employers and insurers to benchmark their performance against the overall system results.

Work commenced in 2018-19 to provide an open data portal enabling anyone to interrogate SIRA's workers compensation data. The portal was launched in September 2019 providing enhanced transparency and access to system performance information.

Customer enquiries and complaints

In 2018-19, SIRA answered more than 18,000 enquiries from people calling the 13 10 50 customer service number about workers compensation. Enquiries decreased from the previous year when there were more than 41,000 enquiries. This was due to the transfer of responsibility to the Workers Compensation Independent Review Office (WIRO) for resolving complaints from workers about insurers from 1 January 2019 (as part of the Government's dispute resolution system reforms).

SIRA continues to manage enquiries and complaints from employers, enquiries and complaints from workers about service providers and employers, and enquiries and complaints from service providers.

SIRA operates an escalation panel for referral and assessment of more complex complaints or potential non-compliance. The panel received over 60 individual escalations in 2018-19. The top three types of escalated complaints were:

- employer complaint about the management of the claim by the insurer
- employer complaint about liability decisions by the insurer
- solicitor and insurer complaints about overcharging by medical practitioners and providers.

The panel resolves issues on a case-by-case basis and identifies key trends and areas for improvement which are considered in assessing insurer performance. Matters are assessed for regulatory action as appropriate. Since 1 January 2019, the panel received four direct referrals from WIRO and three direct referrals from insurers.

In 2018-19, SIRA managed more than 2,100 workers compensation complaints, with 1,994 complaints resolved during the financial year. Most complaints related to medical compensation expenses, weekly compensation or claims management practices. While the average resolution timeframe in 2018-19 was less than six days, most complaints in 2018-19 were resolved within one day (73 per cent of complaints).

In response to feedback, SIRA is now contacting the person complained about directly (with consent), rather than referring the complaint back through the insurer.

Claims data

SIRA receives details of all workers compensation claims reported in NSW. Accurate and timely collection of notification of injuries and claims data is essential to assist in the service delivery to people with a work-related injury, affordability and the effective management and sustainability of the system. SIRA uses data to ensure stakeholders comply with legislation and guidelines and to monitor their performance, identify areas of high risk and to provide transparency for the community through publication of reports.

In 2018-19, there were 100,267 claims reported as at 30 June 2019. The number of claims has increased by 3,516 since the 2017-18 financial year⁴.

Compliance and enforcement

SIRA uses a wide range of tools as a flexible and modern regulator. When issues are identified within the scheme, SIRA selects the most appropriate regulatory method or methods to address and resolve the issue.

In 2018-19, SIRA undertook a range of compliance, enforcement and regulatory review activities on insurers and other scheme participants.

SIRA's compliance activities in 2018-19 included more than 260 risk-based visits of employers to provide education about their workers compensation obligations and verify their compliance with insurance requirements.

SIRA completed three insurer audits examining insurer and self-insurer claim case management practices and six workplace rehabilitation provider audits, and issued two caution letters on insurers.

SIRA referred 73 matters to Revenue NSW, totalling more than \$2.45 million, for recovery of double premiums for contravention of insurance requirements under section 156 of the

⁴ There were 96,751 claims reported by 30 June 2018 for the 2017-18 year.

Workers Compensation Act 1987. Within six months of referral, 33 matters were finalised following recovery of \$278,407 of the debt, with the remaining 40 matters in progress.

SIRA contacted 1,606 employers as part of an audit into non-insurance of workers compensation.

Of the 1,606 employers captured by the project:

- 416 commenced a new insurance policy with icare, which resulted in \$1,034,072 in policy premiums yielded by icare and coverage for 1,162 employees by a workers compensation policy
- 48 were issued a penalty notice for non-insurance, with penalty notices totalling \$43,500
- 50 were issued with a formal notice
- 16 were issued with a caution.

In 2018-19 SIRA assessed or investigated 203 reported cases of alleged fraud and 269 reported cases of potential compliance breaches, relating mostly to insurers and employers.

SIRA's enforcement actions included issuing 59 penalty notices to non-compliant employers and 16 recoveries of avoided premiums from non-compliant employers.

Prosecutions

In 2018-19, one conviction was obtained against a fraudulent claimant in the workers compensation system. The fraudulent claimant was convicted of workers compensation fraud amounting to \$15,295.33 and sentenced to a two-year Community Corrections Order, pursuant to section 8 of the *Crimes (Sentencing Procedure) Act 1999*, with the following conditions to:

- be of good behaviour
- accept the supervision of Community Corrections
- undertake 200 hours of community service.

The fraudulent claimant was also ordered to pay restitution in the sum of \$15,295.33 to the Workers Compensation Insurance Fund, pursuant to section 43(1) of the *Criminal Procedure Act 1986*.

Regulatory reviews

In 2018-19, regulatory reviews included:

- 38 applications for SIRA to determine whether a person is a worker, deemed worker or contractor, for the purposes of workers compensation insurance calculation
- 25 requests for SIRA to review premium calculations of which:
 - 16 were within Regulatory Review's scope (e.g. relating to the cost of claims, wages and workers industry classification)
 - nine matters were referred internally within SIRA for assistance by the appropriate Insurer Performance Division to address the concerns raised by employers, regarding their insurers
- nine internal review applications pursuant to the *Fines Act 1996*, arising from penalty notices issued by SIRA to employers for breaches of workers compensation legislation.

Compliance and Performance Review of the Nominal Insurer managed by icare

During 2018-19, SIRA commissioned a compliance and performance review of the NSW workers compensation Nominal Insurer, which is managed by Insurance and Care NSW (icare). The review includes work undertaken on behalf of the Nominal Insurer's agents, Allianz, EML and GIO. The review is being conducted by Independent Reviewer, Ms Janet Dore and supported by independent actuaries EY and authorised officers of SIRA.

The integrated review includes public consultation, meetings with stakeholders, an audit of compliance with legislation and relevant guidelines, and a performance review (including of claims management and return to work outcomes).

The review is ongoing, with the Independent Reviewer's final report expected to be published at the end of 2019.

Home Building Compensation Regulation

Scheme snapshot

Home building compensation, formerly known as home warranty insurance, is a mandatory product that covers residential building work in NSW.

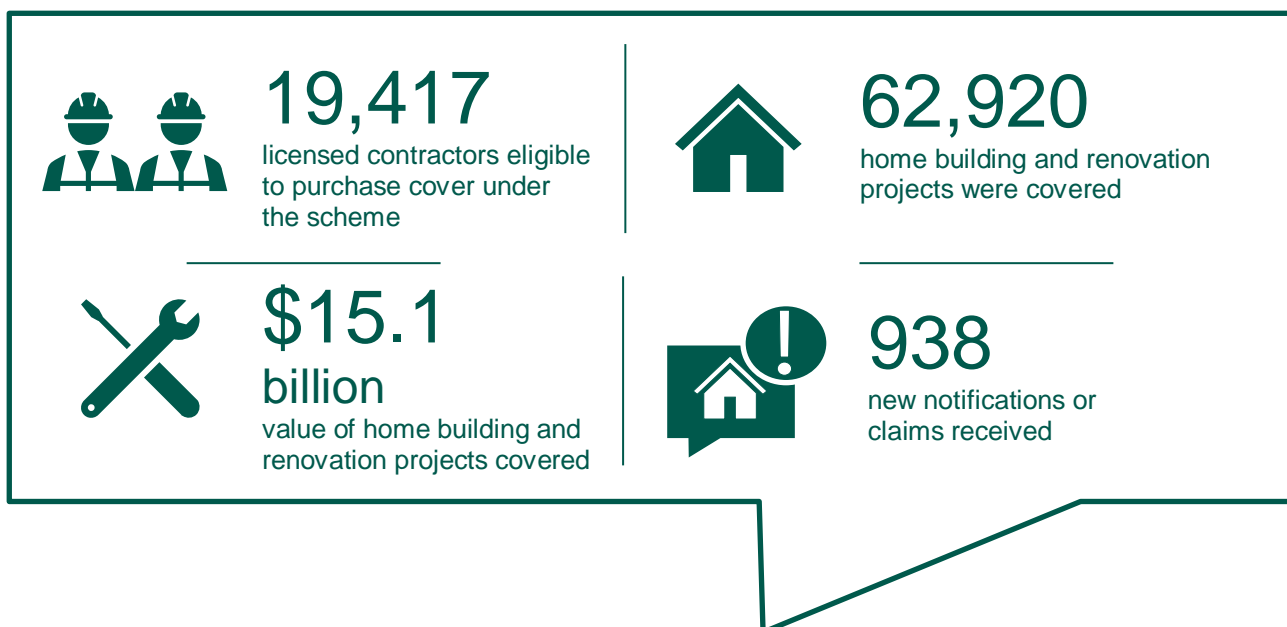
Home building compensation cover helps homeowners as a last resort if their builder or tradesperson cannot complete building work or fix defects because they have become insolvent, died, disappeared or had their licence suspended for failing to comply with a court or tribunal order to compensate a home owner.

Builders and tradespeople must buy this insurance before commencing work or accepting payment as a principal contractor for residential building work projects costing more than \$20,000, such as new home constructions (including multi-unit buildings of three storeys or less) or home renovations.

SIRA regulates the home building compensation scheme to promote efficiency and viability, provide for the effective supervision of claims handling and disputes, encourage and promote the carrying out of sound prudential practices by insurers and alternate indemnity providers, and evaluate the effectiveness and carrying out of those practices.

In 2018-19, the NSW Self Insurance Corporation trading as 'icare HBCF' was the sole insurer issuing insurance in the home building compensation scheme. Former approved insurers that issued policies up to 30 June 2010 continued to administer claims arising from those policies in 2018-19.

SIRA published the Home building compensation (contribution) alternative indemnity product (AIP) guidelines in August 2018 to regulate the pricing arrangements used for any alternative indemnity products offered under the scheme.



Data innovation

SIRA worked with icare HBCF in 2018-19 to complete the icare integration with SIRA's Data Exchange, enabling faster, more comprehensive exchange of information between SIRA, icare HBCF, and NSW Fair Trading to support the operation of the home building compensation scheme. Further work is continuing to integrate the Data Exchange with other digital products and data analytical tools to enable legacy reporting systems and processes to be retired.

SIRA worked with the Digital.NSW Accelerator and government and industry stakeholders to run a research and pilot project to gather insights into claims. This project culminated in a 'hackathon' in December 2018, in which data science students from the University of Technology Sydney formed teams (with public servants from the Department of Finance, Services and Innovation (DFSI), SIRA, icare and the Data Analytics Centre) in a competition to interrogate multiple Government datasets to gain the best insights into claims on the home building compensation scheme, and which was judged by a panel including the Minister for Finance, Services and Property.

Compliance and enforcement

SIRA and NSW Fair Trading work closely regarding compliance and enforcement of insurance obligations under the *Home Building Act 1989* supporting the integrity of the insurance scheme. This includes SIRA producing 'certificate evidence' under section 131(2) of the *Home Building Act 1989*, which enables a statement establishing certain factual matters about insurance to be admitted as evidence in court proceedings. SIRA issued 69 certificates of evidence in 2018-19.

In 2018-19, SIRA began a project to work with data from the DFSI certifier database to assess its potential to inform compliance and enforcement activity in the home building compensation scheme such as proactively identifying home building projects that may be unlawfully uninsured.

Engaging with our customers

In 2018-19, SIRA answered 999 enquiries about the home building compensation scheme.

HBC Check

SIRA maintains an online public register of insurance under section 102A of the *Home Building Act 1989*, called HBC Check, which allows any person to check if there is valid home building compensation cover for residential building work carried out in NSW since 1 July 2010. It can be searched by property address, the certificate number that identifies the cover, or by the name or licence number of the builder or tradesperson that took out the policy.

In 2018-19, there were more than 63,000 searches of HBC Check.

In February 2019, SIRA released enhancements to HBC Check to allow state-level map visualisation of insurance, as well as adding some claim details to certificates of insurance, and interlinking HBC Check with NSW Fair Trading's public register of licences held by builders and tradespeople. In June 2019, SIRA commenced a user feedback survey about HBC Check to help inform future enhancements.

HBC Assist

In December 2018, SIRA launched a new online self-service tool, called HBC Assist, which helps homeowners, builders, tradespeople, owner-builders and developers to understand when

home building compensation cover may be required for a building project by asking them a series of questions about their circumstances.

Insurer supervision

SIRA monitors, regulates and manages the performance of licence holders in the home building compensation system.

Supervision includes the assessment of performance by ongoing analysis of quantitative and qualitative data from insurers and other sources to identify risks and non-compliance with legislative and guideline requirements.

SIRA meets and communicates regularly with licence holders and reports on performance and discusses any risks and issues, both current and emerging.

A new supervision framework is being developed for home building compensation. The new framework will enhance SIRA's regulatory approach, and enable risk-based assessment by setting clear performance expectations of licence holders in conduct, claims management and financial ability.

In 2018-19, SIRA investigated two complaints about the conduct of licence holders. SIRA's assessment of the complaints concluded there was no cause to take action regarding the complaints received.

A claimant may request that SIRA undertakes a compliance review of a licensed insurer's decision where they believe the insurer has not complied with the legislation, claims handling guidelines, and/or the insurer's documented approach to complaint and dispute management. In 2018-19, SIRA conducted one compliance review of an insurer's handling of a home building compensation claim. SIRA's review found no substantiated non-compliance.

Since 1 July 2018, two applications have been made to SIRA for the applicants to become licensed providers of alternative indemnity products. One application has since been withdrawn, and one application is in progress.

Motor Accidents Insurance Regulation

Scheme snapshot

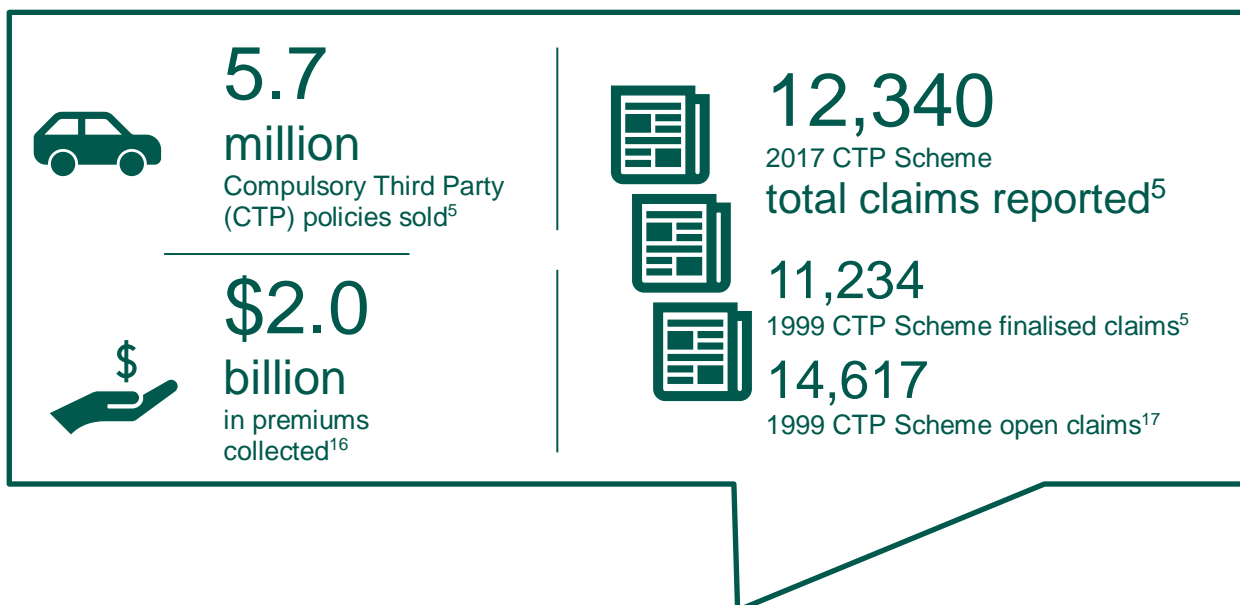
Compulsory Third Party (CTP) or 'Green Slip' insurance is required to register a vehicle in all Australian states and territories. It insures a vehicle's owner against their liability for the injury or death of other road users caused by that vehicle.

SIRA regulates two CTP insurance schemes for motor vehicles registered in NSW: the '1999 scheme' and the '2017 scheme'.

The market comprises six CTP insurers licensed by SIRA and operated by five entities: AAI Limited (AAMI and GIO), Allianz Australia Insurance Limited (Allianz), CIC Allianz Insurance Limited, Insurance Australia Limited (NRMA) and QBE Insurance Australia (QBE). CIC Allianz ceased issuing CTP insurance policies from 15 January 2019, however its policy renewals are being managed by Allianz.

NSW Green Slip insurance provides benefits for injured pedestrians, passengers, cyclists, motorcyclists and pillion passengers, drivers of other vehicles and, to some extent, drivers at fault. Compensation is also available to relatives who were dependent on a person at the time of their death. The CTP scheme pays reasonable funeral expenses. Benefits under the CTP schemes are fully funded from premiums. The Nominal Defendant's Fund ensures anyone injured by an uninsured or unidentified vehicle can claim scheme benefits.

SIRA regulates the CTP schemes to ensure premiums are affordable and competitive, and injured people receive fair benefits and early and appropriate treatment and rehabilitation to achieve optimal recovery.



⁵ For 2018-19.

⁶ For 2018-19, including GST, Levies and Input Tax Credit (ITC) loading.

⁷ For the duration of the 1999 scheme, as at 30 June 2019.

The 1999 scheme

From 1 December 2017, the 1999 scheme under the *Motor Accidents Compensation Act 1999* was replaced by the 2017 scheme under the *Motor Accident Injuries Act 2017*.

While insurers ceased selling policies under the 1999 scheme from 30 November 2017, the 1999 scheme will continue until claims for accidents before 1 December 2017 are finalised.

The 1999 scheme is a tort-based common law scheme where lump sum payments are received by not-at-fault injured road users once their injuries have stabilised. Consequently, lump sum settlements are often determined several years after the accident.

The 2017 scheme

The 2017 scheme commenced on 1 December 2017 and, in 2018-19, it maintained reduced premiums, better supported people in their recovery and significantly improved digital and online service delivery.

The 2017 scheme provides:

- a six-month period of defined benefits for injured road users, regardless of fault, and for those with minor injuries
- more of the CTP premium dollar available to injured people, particularly the more seriously injured
- a focus on early treatment and rehabilitation (and return to work for earners)
- a simpler online claims submission process and a stronger emphasis on claims management
- faster and less adversarial dispute resolution
- ongoing medical treatment and care benefits for those more seriously injured who are not at fault in the accident, for life if needed
- reduced opportunities for fraud.

The scheme provides access to lump sum compensation for damages to people with more serious injuries. To ensure premium and scheme affordability, the 2017 scheme includes stronger regulation of insurer expenses and profits, as well as legal fees.

Reduced Green Slip premiums

Average Green Slip premium prices have continued to fall since the commencement of the 2017 scheme. At the commencement of the 2017 scheme on 1 December 2017, the Green Slip average premium target price was set at \$528 per annum for all NSW vehicles.

The market realised an actual average premium price of \$518⁸ for the quarter ending 30 June 2018. For the quarter ending 30 June 2019, the average premium price has seen an overall reduction of \$28 (five per cent), having dropped to \$490 for all NSW vehicles; the lowest premium price experienced since 2012.

For the quarter ending 30 June 2019, the average Green Slip premium price per passenger vehicle was \$457⁹ per annum, and due to lower premium pricing, consumers are experiencing a \$26 (five per cent) reduction on 2018 premium prices¹⁰.

⁸ The 2017-18 Annual Report reported average premiums of \$525 at 30 June 2018 which was calculated on an average for the full financial year.

⁹ Source: Quarterly Premium Returns at 30 June 2019 (includes GST and Fund levy).

¹⁰ Based on prices as at 30 June 2018 of \$483.

Earlier treatment and care benefit payments

Receiving timely treatment after an accident is critical for making a full recovery.

Under the 2017 scheme, over 77 per cent¹¹ of people are receiving treatment and care benefit payments within the first three months after their accident. Almost three times as many injured people are receiving the appropriate care within this timeframe as compared with the 1999 scheme.

Green Slip refunds

Green Slip prices were reduced for most classes of vehicles¹² from 1 December 2017 when the 2017 scheme commenced. Therefore, Green Slips purchased or renewed before 1 December 2017 had pre-reform prices. The excess premium was refunded to eligible policy holders.

Over \$213 million in refunds was returned to around 3.45 million policy holders (business, individual and fleet) by 30 June 2019. During 2018-19, over \$75.5 million in CTP refunds were claimed by eligible NSW vehicle owners. Refunds were claimed through Service NSW online, by phone and at its service centres, and Council Agencies around the State.

On 31 August 2018, the NSW Government announced it would be extending the deadline for claiming Green Slip refunds for eligible vehicle owners from 30 September 2018 to 30 June 2019. A further extension of time was announced during the financial year, allowing eligible vehicle owners to make claims for Green Slip refunds until 30 September 2019.

Data and digital innovation

Green Slip Check enhancement

In 2018-19, SIRA's online Green Slip Check, a price comparison tool which helps motorists get the best Green Slip price, was further enhanced to enable visitors to click directly through to any CTP insurer using the 'buy now' function. This provides a seamless transaction from selecting the best price to purchasing the policy.

As well as encouraging motorists to shop around for the best price on Green Slips and increasing competition between insurers, Green Slip Check assists SIRA in the premium filing process, and the validation and checking of prices charged by insurers. This supports SIRA's regulatory role.

Approximately 2.85 million Green Slip checks were carried out in 2018-19.

Data sharing to improve customer experience

In partnership with Transport for NSW's Centre for Road Safety, SIRA invests in data sharing, linkage and exchange between NSW Health and Ambulance, NSW Police Force, Transport for NSW, icare Lifetime Care and CTP claims to get more information about the longer-term consequences, costs and impact of road trauma to inform and guide road safety priorities.

In 2018-19, using the NSW Health Centre for Health Record Linkage governance and linkage procedures, the data linkage program added motor vehicle injury claims data to the linkage. Analysis of the data sharing will provide greater insights into understanding claims reporting for pricing and peoples' needs, and enable SIRA to provide a more integrated approach to care, and a seamless experience for injured people recovering in the health system.

¹¹ Average as at 30 June 2019.

¹² Motorcycle owners will not receive a refund. Instead, injured motorcycle riders, particularly those at fault in the accident, get more benefits under the new scheme.

Claims and wellness app

As part of SIRA's innovation initiatives, a prototype was developed of an app for injured people to support them in the claims process and to provide tools to assist with their recovery. The prototype will be evaluated and tested prior to a decision to continue its development.

Improving customer service and experience

CTP Assist

CTP Assist, SIRA's multi-channel support service, provides personalised claims support and general information by phone, post or email for injured people, policy holders and others in the CTP scheme, such as doctors, hospitals and health professionals.

As well as responding to enquiries covering topics such as premium pricing, the loss of a relative, and young driver enquiries, CTP Assist staff provide independent, personalised claims support and information under both the 1999 scheme and 2017 scheme.

Support officers make regular contact with people after they have lodged a claim to ensure they receive the support needed for recovery. The same support officer calls each time to maintain continuity.

CTP Assist can link injured people with advocacy and community services and explain how people can gain legal advice. CTP Assist can arrange referrals to SIRA's Legal Advisory Service, where appropriate.

Under SIRA's centralised complaint handling function (see further below), CTP Assist manages simple complaints which are generally able to be resolved within two days. The service allocates claims against the Nominal Defendant among the insurers.

The CTP Assist team handled the following contacts with injured people in both schemes in 2018-19:



Customer satisfaction with CTP Assist

To measure and continuously improve customer satisfaction with CTP Assist, SIRA adopted two widely-used service quality measurements: the Net Promoter Score (NPS) and Customer Effort Score (CES).

The NPS measures how likely a customer is to recommend CTP Assist to others. CTP Assist continues to achieve an excellent NPS result, with the rolling average for the four months to June 2019 being +53, after reaching an all-time high of +55 in the four months to May 2019. CTP Assist is a national leader in delivering a great customer experience according to the Australian NPS Pulse Check.

The CES measures how easy it is for a customer to get the help they need. The CES rolling average score for the four months to June 2019 remained strong at a level of 4.1 out of five, suggesting customers believed CTP Assist made it easy to get help.

Centralised complaints and compliments framework

SIRA's centralised complaint handling function provides improved tracking, monitoring and resolution of complaints and compliments from all stakeholders, including complaints and compliments about insurers and SIRA services.

Most non-complex complaints are resolved by SIRA's CTP Assist team within a few days. Complaints that need more time or are about more complex matters, including complaints escalated at the customer's request, are resolved by SIRA's Senior Complaints Advisory team.

If a breach or non-compliance with the motor accidents legislation is suspected, it is escalated for consideration for further regulatory action, once the complaint is resolved.

Customers who are unhappy with the outcome of SIRA's review can resubmit their complaint for further consideration. Customers who are dissatisfied with SIRA's complaint handling can contact the NSW Ombudsman for further assistance.

During 2018-19, the complex complaints function was redesigned, and a centralised monitoring, tracking and business intelligence framework commenced in January 2019.

From January 2019 to June 2019, SIRA received 298 compliments. Of the 298 compliments, 67 were about insurers, and the remaining 231 were regarding SIRA services and the CTP scheme in general.

From January 2019 to June 2019, SIRA received 840 complaints. Of the 840 complaints, 361 were about insurers, with the remainder being about SIRA services and the CTP scheme in general. There were seven requests to review the outcome of a complaint and 22 referrals for regulatory insurer supervision as a result of a complaint.

In 2018-19, no complaints have been lodged with the NSW Ombudsman for assistance.

Educational resources and online engagement

SIRA has developed a range of resources to help people find out about the 2017 scheme. In 2018-2019, new online animations were added to SIRA's series of explanatory video animations. New fact sheets were published, recognising the different ways that people seek information in our community.

The following animations can be watched on SIRA's website or YouTube channel:

- the 'Support while you recover (statutory benefits)' animation, provides information on support available if you are injured in a motor accident, including CTP cover for ambulance and hospital, online claiming, benefits to replace lost income and returning to work part or full-time
- the 'What is CTP Assist?' animation, outlines how people who have been injured on NSW roads are supported through their claim and recovery by the SIRA CTP Assist team
- the 'Certificate of capacity/certificate of fitness' animation, highlights the importance of these certificates in supporting recovery after a motor accident or work-related injury or illness
- the 'Merit review' animation, outlines the process of applying for a merit review if you have a CTP Green Slip claim and disagree with an insurer's decision.

New fact sheets to help people understand their rights, obligations and role in the CTP scheme were published on the SIRA website. This included explanatory materials for GPs regarding minor injury within the CTP scheme, a guide for people injured in motor accidents in NSW, materials relating to the CTP Legal Advisory Service and information for NSW Health doctors on how to invoice patients who have been injured on NSW roads.

Legal Advisory Service

The CTP Legal Advisory Service (LAS) pilot (launched by SIRA in mid-December 2017) provides legal advice relating to statutory benefits claims, where legal fees are restricted by the *Motor Accident Injuries Act 2017* and supporting regulations. An evaluation of the LAS pilot was undertaken in 2018-19, and the evaluation report is in its final stages.

CTP Assist consultants explain the purpose of LAS when taking phone or email enquiries from injured people or their representatives. The CTP Assist consultant helps arrange a referral if the person is eligible. The LAS is personal, confidential, and there is no charge to people injured in a motor accident.

There have been more than 20 referrals to the LAS in 2018-19.

A fact sheet explaining the LAS is available on the SIRA website.

Ongoing awareness – health practitioners

In 2018-19, SIRA visited five metropolitan local health districts, one regional local health district, and a specialty health network, providing information sessions for social workers/nurses, and patient liaison officers, revenue officers and health information managers.

SIRA also held four video conference sessions, for health practitioners at rural local health districts, a specialty health network and, in the case of the social worker-focused sessions, ACT Health. These sessions resulted in improved processes for injured people, and enhanced relationships between insurers and NSW Health entities.

SIRA worked with NSW Health, the Australian Medical Association, and the Australian Salaried Medical Officers Federation of NSW to develop new guidance fact sheets for health practitioners. These fact sheets were distributed to NSW hospitals and health staff, and some were shared by the Australian Medical Association and Australian Salaried Medical Officers Federation of NSW with their members.

CTP Care

The CTP Care Program or 'CTP Care' is the name given to services provided by icare Lifetime Care in performing its new function under the *Motor Accident Injuries Act 2017*. CTP Care is separate to the Lifetime Care and Support Scheme which is run by icare Lifetime Care.

Under CTP Care, icare Lifetime Care will provide treatment and care statutory benefits for people injured in a motor accident in NSW (since 1 December 2017), who have needs five or more years after their accident. This means, five years from the date of the accident, icare Lifetime Care will become responsible for paying for reasonable and necessary treatment and care instead of the CTP insurer.

During 2018-19, SIRA worked with icare Lifetime Care and other stakeholders on an implementation strategy for CTP Care to ensure a sound customer experience for people whose payments for treatment and care will transfer to icare Lifetime Care. SIRA is developing guidance materials for insurers, health practitioners and lawyers who are helping patients or clients with a claim that will, at least in part, be managed by icare Lifetime Care under CTP Care.

SIRA is working with icare Lifetime Care and insurers on developing aligned system reporting and data mapping to meet Universal Claims Database¹³ requirements for CTP Care customers.

icare Lifetime Care will assume responsibility for the payment of treatment and care to eligible people from December 2022, with the possibility for earlier transfer of these benefits from December 2019 in some circumstances. People have not as yet transferred to icare Lifetime Care. SIRA expects the first transfers of eligible people in the first half of 2020, when it will be a little over two years since commencement of the 2017 scheme, and injured people's longer term treatment and care needs can be more accurately assessed.

Once the CTP Care program starts to provide services, SIRA will report in more detail about the program.

Regulatory oversight

Insurer supervision

SIRA focuses on supervising insurers and building capability and efficiency in the CTP scheme through consultation, data analysis, risk identification, reporting and developing system improvements to improve customer experience and hold insurers accountable for fair and timely claims management.

SIRA works closely with insurers so legislative requirements are met, claims are managed quickly and benefits are delivered to the people of NSW.

SIRA introduced an insurer Self-Assessment Tool for the 2017 scheme, which drives a continuous improvement cycle with better outcomes for injured people. The self-assessment tool is used by insurers to assess themselves against compliance requirements for 2017 scheme claims. Improvement plans must then be established by insurers to continuously improve their practices. A comparable tool has been developed for the 1999 scheme.

SIRA carried out verification of self-assessments with all insurers, and conducted reviews of all insurer improvement plans following their use of the tool. These improvement plans have now been implemented. SIRA has undertaken on-site injury coding audits with all insurers to ensure quality and consistency of injury reporting and reviewed insurer letter templates to ensure the legislative information and requirements were communicated to people in a simple and meaningful manner.

SIRA ran three explanatory sessions with front-line claims staff from all insurers to assist them in meeting SIRA's expectations and improving the customer claims experience. These focused on weekly benefits after 78 weeks, practice in common law, communication with claimants and scheme monitoring.

SIRA has regular supervisory cycles where insurer performance is reviewed and insurers are held accountable for outcomes through:

- annual submission and review of insurer business plans
- quarterly portfolio performance reviews involving assessment of insurer progress against all aspects of the insurer's business, the insurer's business plan and in the context of the overall CTP market
- monthly meetings with individual insurer claims managers and collectively with all CTP insurance claims managers

¹³ The Universal Claims Database forms part of a new reporting framework which SIRA introduced and CTP insurers have implemented on the introduction of the *Motor Accident Injuries Act 2017* on 1 December 2017.

- further engagement through regular meetings with Health and Injury Managers and Internal Review Managers within the insurers
- alternate month, thematic file reviews in conjunction with interviews with frontline staff. In 2018-19, SIRA completed 320 file reviews.

SIRA closely monitors insurer performance using qualitative and quantitative data.

SIRA maintains a register to record and monitor arising concerns, assessing the risk and taking appropriate action where required. There are currently 82 issues listed, covering a range of claims operations challenges, including:

- complaints trends
- insurer behaviour
- provider behaviour
- legal stakeholder behaviour
- compliance challenges
- data quality issues
- suggested areas for legislative amendment.

Performance reporting

As part of its regulatory oversight of insurer performance in the CTP Scheme, SIRA made a commitment to publish insurer comparison performance outcomes.

SIRA engaged with CTP insurers in 2018, advising them of SIRA's intention to publish a comparative experience and performance report and conducting extensive insurer consultation. SIRA consulted with the Australian Lawyers Alliance, NSW Bar Association and Law Society of NSW representatives through quarterly legal forums. Publication of individual insurer data was one of the requirements from the 2018 review of the CTP scheme by the NSW Legislative Council Standing Committee on Law and Justice.

The comparative experience and performance report will inform customers and stakeholders about the performance of the industry and will allow customers to compare the insurers' performance and make informed decisions when purchasing CTP insurance. People injured in motor accidents will benefit from knowing what to expect from the insurer managing their claim. The measures published in the report are a subset of the measures SIRA is using for ongoing monitoring of insurer performance, at both an individual and aggregated level.

SIRA will implement this monitoring and reporting for the 2017 scheme over several stages, with quarterly releases of the data commencing in the next financial year.

Compliance, enforcement and investigations

SIRA has implemented improved strategies in detecting and responding to breaches of motor accident legislation and guidelines. SIRA works closely with law enforcement agencies and other regulatory bodies to ensure appropriate strategies are in place to minimise risks to the CTP scheme.

In 2018-19, 74 matters were referred for investigation into alleged insurer breaches of their obligations under the legislation and guidelines. SIRA undertakes a risk-based approach to its investigations and takes appropriate regulatory enforcement action on a case-by-case basis, taking into consideration the risk and harm to the scheme, claimants and policy holders.

During 2018-19, 40 matters were finalised. Of those matters where an insurer breach was substantiated, SIRA issued 10 notices of non-compliance to the insurer, and identified the following issues as the main areas of breaches under the legislation and guidelines:

- failure to determine or late determination of liability in accordance with timeframes prescribed by the legislation and guidelines
- failure to respond or late response to a treatment, rehabilitation and care request by the claimant or their representative
- inappropriate management of CTP claims.

Countering fraud

SIRA collaborated with the NSW Police Force Financial Crimes Squad and other peak and investigative bodies to deter, detect and prosecute suspected unlawful activity involving the CTP scheme. As a result, in 2018-19, six arrests were made and 22 fraud related charges laid to the value of approximately \$610,000.

From April 2017 to 30 June 2019, the NSW Police Force made 27 arrests and laid over 180 fraud-related charges, representing a value of approximately \$14.8 million.

Legislative amendments

Amendments to clarify statutory benefits are available in no-fault accidents

Section 5.4(1) of the *Motor Accident Injuries Act 2017* was amended on 8 January 2019 to remove the reference to 'statutory benefits' to clearly indicate that statutory benefits are payable to drivers injured in no-fault motor accidents. The amendment is retrospective to 1 December 2017.

Regulatory review

Minor regulatory amendments were made to Schedule 2 and Schedule 4 of the *Motor Accident Injuries Act 2017* to correct omissions, and to include annual indexation requirements for legal costs and provisions to permit the implementation of the new Transitional Excess Profit and Loss (TEPL) mechanism.

Under the TEPL mechanism, if the industry makes excessive profits during the transition or early years of the 2017 scheme, insurers are required to relay excess profits to SIRA. These will be applied to reduce levies – a component of all CTP premiums – for all motorists.

Motor Accident Guidelines amendments

As well as the *Motor Accident Injuries Act 2017*, SIRA administers the accompanying Regulations and the Motor Accident Guidelines for the 2017 scheme.

The Motor Accident Guidelines supporting the delivery of the objects of the *Motor Accident Injuries Act 2017* and Regulations for the 2017 scheme are updated regularly. The first version was developed after extensive consultation with insurers, the Insurance Council of Australia, legal professional associations, clinical and academic experts and other relevant stakeholders.

The Motor Accident Guidelines describe what is expected of the various stakeholders in the 2017 scheme and cover topics including dispute resolution, premium determination, claims handling and minor injury assessment.

In November 2018, SIRA reviewed the Motor Accident Guidelines and version 4 of the Motor Accident Guidelines took effect from 15 January 2019. Changes were made to the premium parameters in Part 1, Schedule 1E of the Motor Accident Guidelines, effectively reducing premiums while maintaining benefits at the same levels.

These changes followed an interim review of the 2017 scheme by the Scheme Actuary, EY, with peer-review and endorsement by the actuarial firm, Taylor Fry.

SIRA aims to review and amend the Motor Accident Guidelines three times per year.

Minor injury review

A key feature of the 2017 scheme is the concept of 'minor injury'. The Minister for Finance, Services and Property committed to a review of the definition of 'minor injury' at the two-year anniversary of the scheme (1 December 2019).

During 2018-19, SIRA commenced a program of work to support the two-year review and to monitor the definition of minor injury and the way it is applied by insurers. This included conducting independent file reviews, collating qualitative insight and customer case studies, consolidating actuarial data and insights and consultation with lawyers, medical professionals and insurers through existing forums.

A final report is expected to be released in the first half of 2020.

Road safety research and innovation

Young driver telematics trial

During 2018-19, SIRA, in partnership with the NSW Centre for Road Safety, completed a research trial exploring the potential for telematics to improve the safety of young drivers.

The trial ran from July 2018 to March 2019 with more than 700 young drivers participating in the study. Drivers had a telematics device installed in their car, which collected data on the vehicle's acceleration, speed and braking in real time.

Trial results indicate that participants who received telematics-based feedback reduced their rates of rapid acceleration, speeding, harsh turning and harsh braking, which are common indicators for crash risk.

SIRA is reviewing the findings of the trial to consider the feasibility of wider telematics use and next steps.

Automated vehicles

The NSW Government is committed to the safe commercial roll-out of automated vehicles, which are expected to improve road safety, alleviate congestion and increase productivity for the people of NSW.

SIRA manages the insurance component of the development of automated vehicle regulation in NSW. In 2018-19, SIRA worked with the Transport for NSW Smart Innovation Centre to enable trials of these vehicles, including shuttles in Sydney Olympic Park, Armidale and Coffs Harbour.

SIRA engaged with the National Transport Commission and other motor accident injury insurance regulators in ongoing work to develop insurance arrangements for automated vehicles. These arrangements protect NSW road users and the CTP scheme by ensuring that vehicle defects that cause injury or fatalities do not create liabilities that are transferred to CTP insurers.

Managing costs and insurer profits

Normalising insurer profits

Historically, insurers have realised excessive profits in previous CTP schemes, particularly in the early years following a scheme reform. A key feature of the 2017 scheme is the ability for SIRA to normalise insurer profits.

During 2018-19, work continued on developing transitional excessive profits or losses (TEPL) guidelines designed to ensure that insurer profits are sufficient to underwrite risk but are not excessive. Under TEPL, insurer profits will be capped, with a mechanism applied to reduce excess profits and for any excess profits to be returned to NSW motorists through reduced CTP fund levies. Insurers with approved innovation programs will be able to retain an additional profit percentage. The guidelines are designed to drive both premium affordability and encourage innovation.

Review of the risk equalisation mechanism

SIRA introduced the Risk Equalisation Mechanism (REM) to improve competition in the CTP scheme. The REM redistributes premiums between insurers to make sure each insurer has the right average premium for each level of risk. The REM commenced on 1 July 2017.

During 2018-19, a review of the REM was commenced by SIRA (with support from CTP scheme actuaries EY and Taylor Fry) to ensure the REM is meeting its design objectives and achieving its intended outcomes. SIRA consulted with insurers as part of the review.

Superimposed inflation

Superimposed inflation is the increase in the average claims size over time above wage inflation¹⁴. It is a regular feature of compensation schemes and is usually caused by a combination of legal, judicial, social, medical and other external factors. Superimposed inflation tends to be volatile over time.

For the 1999 scheme (under the *Motor Accidents Compensation Act 1999*), superimposed inflation in claim sizes has been benign for the last seven years and has been approximately zero from 2010 to 2012, negative in 2013 to 2015, slightly positive in 2016 and negative in 2017 and 2018.

Consultation

SIRA engaged with key stakeholders, consulting with them and providing information on policy and operational developments in the CTP scheme. SIRA holds regular meetings with the Motorcycle Council of NSW, NSW Taxi Council, peak legal bodies, insurers and other Government departments, as well stakeholder workshops and forums for specific projects. SIRA has a survey program available via the SIRA website to gather feedback from customers and to manage public consultations.

This year, SIRA introduced the Motor Accidents Policy and Operations forum which includes representatives from CTP insurers, peak legal bodies, medical professors and CTP customers to raise and discuss operational and policy matters in the CTP scheme.

¹⁴ Definition by the CTP Scheme Actuary, EY.

Health strategy

In January 2019, the State Insurance Regulatory Authority (SIRA) created a dedicated Health Strategy team which aims to ensure that people injured at work or on NSW roads receive the most cost effective, appropriate and timely care. Health Strategy works across all the schemes SIRA regulates, takes a holistic view of the ‘injury chain’, and focuses on optimal health outcomes for the people of NSW.

The Health Strategy team focuses on driving best practice care, evidence-based recovery and developing a strategic research agenda.

Mental health

The NSW Government’s Mentally Healthy Workplaces strategy 2018–2022 target is that, by 2022, more than 90,000 NSW businesses will be taking effective action to create healthy workplaces. SIRA leads the recovery@work program component of the Mentally Healthy Workplaces strategy, which supports people to stay at work, or come back to work while they are managing a mental health recovery.

The program aims to deliver easy, practical help for employers and workers, which is evidence informed and guided by people with lived experience of mental health issues. Recovery@work initiatives include a new workplace toolkit, and a funding program called ‘Recovery Boost’.

Rapid reviews

A rapid review is a form of evidence synthesis that can be conceptualised as a simplified systematic review. A rapid review provides answers to policy questions in a more timely and affordable way than systematic reviews, with systematic reviews taking between one and two years. A rapid review is often completed in five weeks.

In 2018-19, SIRA commissioned Monash University to complete a rapid review of available tools to support recovery@work. Monash University published its report Recovery at work support tools – Rapid review on 29 March 2019. The aim of this rapid review was to identify existing tools and frameworks that help people keep in touch with the workplace when absent from work and experiencing mental distress, and/or encourage and enable recovery at work and return to work by those experiencing mental distress.

The review found that, while there is a large pool of resources available to support mental health recovery at work, only a small number had been evaluated. However, of the evaluated tools, there were generally positive impacts found for individuals and workplaces.

Further, rapid reviews in progress include:

- work-related hearing loss, to provide current evidence on industrial deafness assessment and best practice treatment and aids in a compensable scheme
- vocational programs to support people returning to work, to provide a review of the current evidence on vocational programs and best practice in a compensable setting
- best practice opioid management, to provide current evidence on the risks of using prescription opioids for the management of pain and to explain the risks of opioid use for people in compensation schemes, including strategies being implemented in other jurisdictions
- better pain management approaches, to provide current evidence on the management of pain, particularly chronic pain, in compensation schemes including best practice strategies for improving outcomes for injured people.

Review of health care arrangements

SIRA has commenced a comprehensive review of health care costs and arrangements in the NSW workers compensation and CTP schemes. The review will focus on areas such as trends in medical costs, cross-jurisdictional comparisons, and options for regulatory requirements to manage health care costs and improve outcomes within the NSW workers compensation and CTP schemes.

New clinical guideline for diagnosis and management of work-related mental health conditions

In Australia, most injured workers seek care from their general practitioner. SIRA supported the world-first Clinical guideline for the diagnosis and management of work-related mental health conditions in general practice, endorsed by the Royal Australian College of General Practitioners and the Australian College of Rural and Remote Medicine, with approval from the National Health and Medical Research Council.

SIRA Symposium

Planning for SIRA's first SIRA Symposium commenced in 2018-19. The Symposium series aims to identify opportunities for cross-sector action to improve results for people recovering from injury and loss in the insurance schemes regulated by SIRA. The first Symposium was held in October 2019 and focused on sustainable delivery of optimal health and recovery outcomes for people who are injured at work or on the roads.

Stakeholder engagement and events

SIRA's Health Strategy team met with many stakeholders as part of SIRA's work on areas including mental health, road safety, research and education. SIRA presentations included key notes at the Personal Injury Education Foundation Event and the John Walsh Centre for Rehabilitation Research.

Dispute resolution

Dispute Resolution Services

The State Insurance Regulatory Authority (SIRA) hosts independent statutory dispute resolution decision-makers who provide an alternative to court dispute resolution. These services are offered to injured people and insurers, predominantly in the motor accidents schemes.

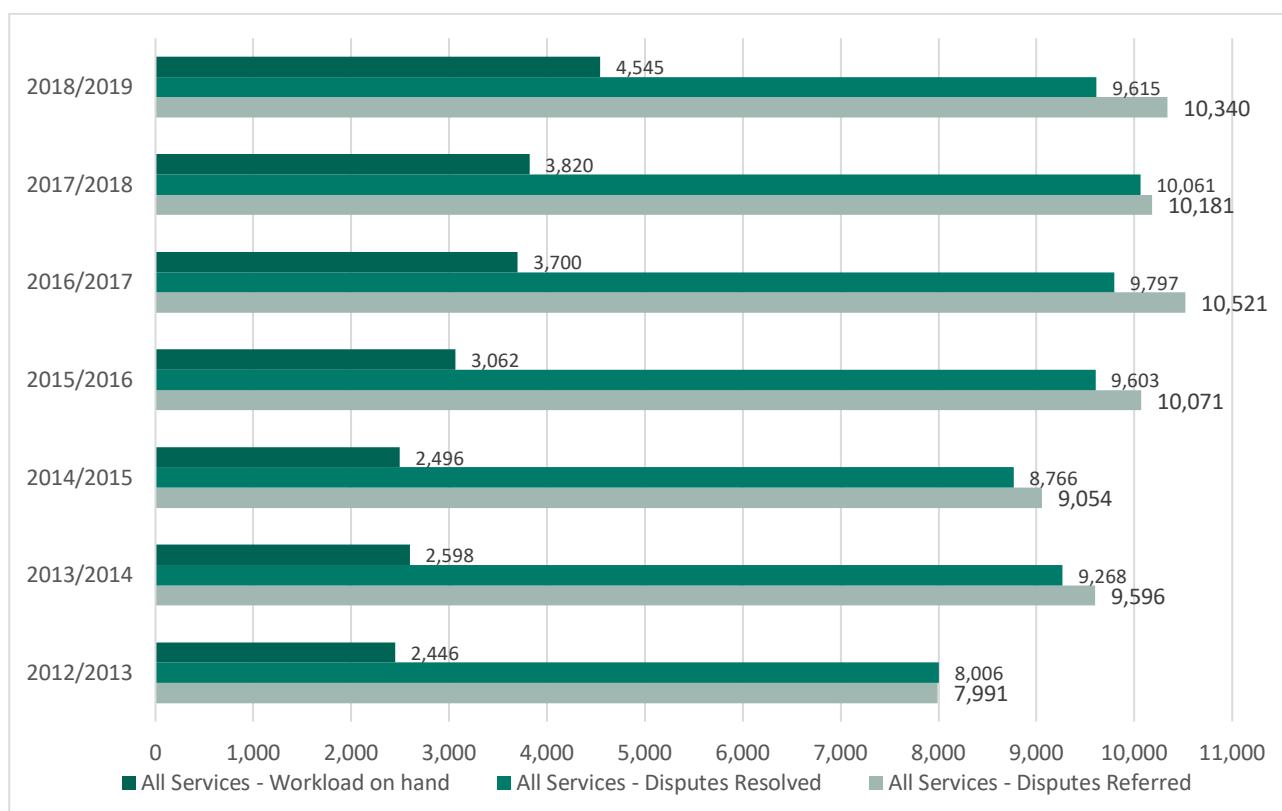
As at 30 June 2019, SIRA provided the following dispute resolution services:

- Motor Accidents Medical Assessment Service (MAS) and Claims Assessment and Resolution Service (CARS) in the 1999 CTP scheme
- Motor Accidents Dispute Resolution Service (DRS) in the 2017 CTP scheme
- Workers Compensation Merit Review Service – discontinued after 30 June 2019 following legislative amendments
- NSW Lifetime Care and Support Scheme Dispute Reviews
- ACT Lifetime Care and Support Scheme Dispute Reviews.

Dispute applications

In 2018-19, more than 10,300 dispute applications were referred to SIRA’s dispute resolution services. This figure is consistent with the number of referrals¹⁵ from 2017-18 and an overall increase in the number of referrals of around 12 per cent since 2014-15.

Dispute Resolution Services – All services: referrals, resolutions and workload¹⁶



¹⁵ Referrals were called ‘lodgements’ in the 2017-2018 Annual Report.

¹⁶ Workload on hand refers to the total current matters at the end of the financial year.

This financial year saw a seven per cent reduction in the total number of referrals to the MAS, a 12 per cent reduction in the total number of referrals to CARS and a significant increase of nearly 2,000 per cent in the total number of referrals to DRS.

Disputes referred by year and type

Type	2015-16	2016-17	2017-18	2018-19	2018-19 change
MAS	5,420	5,528	5,666	5,246	-420 -7%
CARS	3,958	4,461	4,120	3,597	-523 -12%
DRS	n/a	n/a	73	1,411	1,338 1,832%
Workers Compensation Merit Review Service	684	524	309	86	-223 -72%
NSW and ACT Lifetime Care and Support Scheme Dispute Reviews	9	8	1	-1	-100%
Total	10,071	10,521	10,186	10,340	154 2%

The predominant dispute types remain medical and claims disputes related to motor accidents. These equate to more than 85 per cent of the referrals for 2018-19.

Disputes resolved

SIRA's Dispute Resolution Services finalised more than 9,100 disputes in 2018-19. This is a four per cent reduction in the number of disputes finalised from the previous financial year. Overall finalisations are broadly keeping pace with the number of disputes lodged.



1999 CTP Scheme – Motor Accidents Medical Assessment Service

In 2018-19, referrals to MAS decreased by seven per cent on the previous financial year. Finalisations decreased in 2018-19 by six per cent compared to the previous financial year.

Permanent impairment remained the most common dispute type in 2018-19. More than 65 per cent of the MAS finalisations in 2018-19 related to permanent impairment disputes. Timeframes to resolve permanent impairment disputes decreased in 2018-19 from an average of 110 working days to 109 working days. This timeframe has decreased by six working days since 2016-17.

Treatment disputes increased by 22 per cent in 2018-19 from the previous year and equate to approximately 12 per cent of the MAS finalisations in 2018-19. Timeframes to resolve treatment disputes increased in 2018-19 from an average of 128 working days to 133 working days.

Thirty-three per cent of the MAS finalisations in 2018-19 related to further assessment and reviews of medical assessments. Timeframes for further assessments decreased by 12 per cent in 2018-19 from an average of 132 working days to 116 working days. The review of a medical assessment accepted by the Proper Officer increased by 26 per cent in 2018-19 from an average of 112 working days to 153 working days.

1999 CTP Scheme – Motor Accidents Claims Assessment and Resolution Service

In 2018-19, referrals to CARS decreased by 12 per cent compared to the previous financial year. Finalisations decreased in 2018-19 by 19 per cent compared to the previous financial year.

More than 59 per cent of the CARS finalisations in 2018-19 related to claims assessment and not suitable exemption disputes. Timeframes to resolve these disputes increased in 2018-19 from an average of 156 working days to 174 working days.

Applications for mandatory exemption from claims assessment equate to more than 37 per cent of the CARS finalisations in 2018-19 and take an average of 21 working days to resolve, a 28 per cent increase from the previous financial year.

2017 CTP Scheme – Motor Accident Dispute Resolution Service

In 2018-19, referrals to DRS increased significantly to 1,411 from 73 in the previous financial year. This growth is expected, as 2017 scheme matures.

Medical assessment of minor injury was the most common dispute type in 2018-19. Almost 90 per cent of the DRS finalisations in 2018-19 related to minor injury disputes.

2017 CTP Scheme – Resolutions by dispute type (quarterly)

	January – March 2018	April – June 2018	July – September 2018	October – December 2018	January – March 2019	April – June 2019
DRS Invalid Dispute Type	3	1	1	0	0	0
DRS Merit Review	0	5	14	17	27	14
DRS Medical Assessment	0	2	71	215	192	283
DRS Miscellaneous Claims Assessment	0	2	12	40	29	23
DRS Claims Assessment	0	0	1	3	2	6
DRS Other Matters	0	0	0	1	1	0

Customer satisfaction and complaints

SIRA is committed to providing customers with accessible, timely, durable and fair assessment services. Monitoring customer feedback plays an important role, enabling SIRA to gain insight into its services from the customer's perspective. Customer feedback assists identification of key trends and focus areas for improvement, underpinning a targeted approach to investment in customer service.

SIRA received 30 complaints about its dispute resolution services in 2018-19 (0.3 per cent of the total disputes finalised). SIRA welcomes this feedback as an opportunity to improve services.

Our stakeholders

SIRA is committed to engaging with its stakeholders and meets with them regularly to provide information, seek input and identify priorities for improvement in the schemes SIRA regulates.

Key stakeholders who meet with SIRA regularly include:

- Agency for Clinical Innovation, NSW
- Australian Federation of Employers & Industries
- Australian Industry Group
- Australian Lawyers Alliance
- Australian Medical Association (NSW)
- Australian Prudential Regulation Authority
- Australian Rehabilitation Providers Association
- Australian Securities and Investments Commission
- Beyond Blue
- Catholic Church Insurance
- Coal Mines Insurance
- Compulsory Third Party (CTP) insurers
- CTP Legal Forum (legal professional associations)
- Disability Council NSW
- Guild Insurance
- Motor accident authorities in other Australian jurisdictions
- Hospitality Employers Mutual
- Housing Industry Australia
- Insurance and Care NSW (icare)
- Insurance Council of Australia
- John Walsh Centre for Rehabilitation Research
- Law Society of New South Wales
- Master Builders Association of NSW
- Mental health advocacy groups
- Mental Health Commission NSW
- Motorcycle Council of NSW
- National Insurance Brokers Association
- New South Wales Bar Association
- NSW branch of the Australian Physiotherapy Association
- NSW Business Chamber
- NSW Health (bulk-billing)
- NSW Taxi Council
- NSW Workers' Compensation Self-Insurers Association
- Personal Injury Education Foundation
- Point-to Point Committee comprising industry representatives
- Racing NSW
- Safe Work Australia
- StateCover Mutual
- The Royal Australian College of General Practitioners
- Transport NSW
- Unions NSW and affiliates
- Universities and academic groups
- Workers compensation authorities in other Australian jurisdictions
- Workers Compensation Commission
- Workers Compensation Independent Review Office

Our people

In 2018-19, State Insurance Regulatory Authority (SIRA) staff were employed by the Department of Finance, Services and Innovation (DFSI). SIRA's operations are managed by the Chief Executive and, as SIRA is an independent authority within the DFSI Cluster, its strategic direction and its performance are overseen by the SIRA Board.

In 2018-19, DFSI provided SIRA with shared services support in the areas of communications, finance, information and technology services, investment, human resources, legal and procurement.

Human resources statistics

The number of SIRA's full time equivalent staff was 300.4 when the *Workforce profile census data* was collected on 27 June 2019. In 2018-19, SIRA recruited 36 roles (24 ongoing, 11 temporary and one executive placement).

Staff by classification

Classification	2015-16 ^{17,18}	2016-17 ^{17,18}	2017-18 ^{17,18}	2018-19 ^{17,18}
Administrative and clerical officers	303.2	204.6	278.5	285.5
Public Service Senior Executives (<i>Government Sector Employment Act 2013</i>)	9	15	16.7	13.9
Statutory Officers	1	1	1	1
Senior Officers ¹⁹	8	N/A	N/A	N/A
Total	321.2	220.6	296.2	300.4

Work health and safety and workers compensation

SIRA is committed to providing a healthy and safe workplace for all employees, including contractors, agency staff and volunteers. In 2018-19, SIRA promoted initiatives contributing to the prevention of injuries and illnesses and to encourage a timely, sustainable and early return to work for injured workers.

A key requirement to assist in the timely, safe and early return to work for injured workers underpins SIRA's Return to Work Framework. To support this, a Recover at Work Program policy was developed by the DFSI Safety and Wellbeing team, of which SIRA is a key stakeholder.

¹⁷ Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

¹⁸ Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

¹⁹ Senior Officers were phased out under the senior executive reform from the *Government Sector Employment Act 2013* implementation.

The Recover at Work Program policy was consulted upon by all staff and endorsed to ensure legislative compliance and compliance with injury management best practice principles.

To support a mental health and wellbeing initiative, the 'Health and wellbeing' intranet page was refreshed with a key focus on mental health. The 'Our mental health' page provides both internal and external resources and information to support staff.

In 2018-19, SIRA had five new claims lodged with a net incurred cost of \$139,588, compared with seven claims lodged in 2017-18 with a net incurred cost of \$53,692.

Of the five new claims lodged, two were for musculoskeletal and connective tissue disease, two were due to traumatic joint/ligament and muscle/tendon injury musculoskeletal and connective tissue diseases, and one was due to a fracture.

The Safety and Wellbeing team actively assists teams to return injured workers to work within 13 weeks by identifying suitable duties and working with the workers compensation agent to effectively manage all claims.

In 2018-19, employees had access to:

- mental health first aid officer training
- free flu vaccinations
- discounted gym memberships through Fitness Passport
- safety communication updates and information via newsletters and Yammer
- The Employee Assistance Program with free, professional counselling services that includes the following elements:
 - employee assist, manager assist, career assist, money assist, conflict assist, and lifestyle assist
 - a bullying response service that provided independent support and advice on workplace bullying matters
 - a critical incident support program.

Our culture

SIRA strives to advance the wellbeing and confidence of the people and businesses of NSW through sustainable insurance and support systems, to allow them to actively engage in society and our economy.

To help SIRA deliver on its mission, SIRA worked with employees to embed a high performance and wellbeing focused culture. This included hosting meaningful consultation sessions to define SIRA's culture and to develop an action plan to bring it to life in daily interactions.

A key element of SIRA's culture is embracing and supporting the diversity of SIRA's team members, which SIRA achieves through engagement with the DFSI Diversity Advisory Council, DFSI Employee Resource Groups and the DFSI Ambassador Network.

Flexible working

SIRA has a strong focus on being a diverse and inclusive workplace, which contributes to creating a high-performing and positive work culture. This includes actively supporting the Finance, Service and Innovation Cluster's options for flexible working and adopting the 'if not, why not' approach for flexible work arrangements. Staff members have benefitted from the arrangements and adopted them to suit individual needs.

Current flexible work arrangements include job sharing, flexible hours, part-time work, working from alternative convenient work locations, working from home, opportunity to change employment arrangements, and career break.

People Matter Employee Survey

Each year, the Public Service Commission conducts a whole-of-government anonymous survey, called the People Matter Employee Survey (PMES), which gauges staff engagement across several categories.

The PMES is an important tool, ensuring SIRA is receiving in-depth employee input on its initiatives and ways of working, allowing SIRA to continually improve. In response to SIRA's 2018 PMES results, SIRA prepared and implemented a PMES Action Plan to address the high-level themes for improvement that came out of the survey. It resulted in the implementation of Teamgage, a tool that allows SIRA to gather feedback in real-time and on a more frequent basis.

In the 2019 PMES (completed between 30 May and 28 June 2019), SIRA's response rate was 81.7 per cent, noting the overall public sector response rate of 52.8 per cent and the DFSI response rate of 84.1 per cent.

Great Place to Work

In each of DFSI's office locations there are groups of employees who run 'Great Place to Work' teams. The teams focus on improving workplace culture, as well as supporting and giving back to our community, by coordinating a number of social events each year.

In 2018-19, social events included:

- Xmas in July (supporting The Salvation Army)
- Jeans for Genes Day
- Orange Sky Laundry Morning Tea
- Pop Quiz (supporting Daffodil Day)
- Steptember
- Mental Health Month events
- Melbourne Cup
- It's in the Bag Drive (supporting Share the Dignity)
- Chinese New Year Dragon Boat Race
- Australia's Biggest Morning Tea
- Easter Morning Tea
- Go Pink! Day (supporting the National Breast Cancer Foundation)
- Eid Al Fitr Morning Tea
- Central Coast RSPCA Drive
- Harmony Day
- IDAHOT - Justice and Protection for all
- Christmas Toy Drive
- Youth Regional Support Services
- End of Ramadan
- Jewish New Year
- Diwali Lunch.

SIRA staff recognition framework

In 2018-19, SIRA introduced a staff recognition framework, including staff awards to recognise high achievement key areas. The inaugural SIRA Stars awards were presented to staff on 23 May 2019, following a formal nomination and judging process.

Diversity

Disability Inclusion Action Plan

SIRA continued its involvement in the delivery of the DFSI Disability Inclusion Action Plan, first launched in December 2015. By supporting and helping to deliver the Disability Inclusion Action Plan, SIRA underlines its commitment to:

- ensuring positive attitudes and behaviours towards people with disability are evident in interactions
- finding ways to attract and retain people with disability
- increasing accessibility to information, services and our workplaces for people with disability
- identifying improvements in accessibility to SIRA systems and processes for people with disability.

SIRA made a commitment to being a 'digital first' agency, and is committed to improving the accessibility of its online content.

Trends in representation and distribution of workforce diversity groups

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark/ target	2016 ^{20,21}	2017 ^{20,21}	2018 ²⁰	2019 ²⁰
Women ²²	50%	69.9%	60.3%	63.5%	66.7%
Aboriginal People and/or Torres Strait Islander People ²³	3.3%	0.9%	0.9%	1.3%	2.3%
People whose first language spoken as a child was not English ²⁴	23.2%	6.1%	10.3%	14.6%	22.6%
People with a disability ²⁵	5.6%	4.6%	5.1%	4.1%	5.9%
People with a disability requiring work-related adjustment ²⁵	N/A	2.0%	2.6%	2.2%	0.0%

²⁰ Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

²¹ Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

²² The benchmark of 50 per cent for representation of women across the sector is intended to reflect the gender composition of the NSW community.

²³ The NSW Public Sector Aboriginal Employment Strategy 2014-17 introduced an aspirational target of 1.8 per cent by 2021 for each of the sector's salary bands. If the aspirational target of 1.8 per cent is achieved in salary bands not currently at or above 1.8 per cent, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3 per cent.

²⁴ A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2 per cent is the percentage of the NSW general population born in a country where English is not the predominant language.

²⁵ In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7 per cent to 5.6 per cent by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark/ target ^{26,27}	2016	2017	2018	2019
Women	100	95	97	97	98
Aboriginal People and/or Torres Strait Islander People	100	N/A	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	107	98	95	100
People with a disability	100	N/A	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A	N/A

Diversity Advisory Council

SIRA's Chief Executive is a member of the DFSI Diversity Advisory Council. The Diversity Advisory Council supports work across the Cluster to ensure DFSI, including SIRA, is diverse and inclusive, both in its dealings with customers and as an employer.

Employee Resource Groups

SIRA is active in DFSI's Employee Resource Groups (ERGs). The ERGs serve as subject matter experts, providing advice to the Diversity Advisory Council on the issues the ERGs each consider, and contribute to ensuring SIRA is an inclusive employer and supportive of the diverse NSW community. The ERGs are available for support and guidance to staff members with questions or concern.

An Executive Sponsor from the DFSI Diversity Advisory Council supports each ERG. Executive Sponsors champion ERG initiatives and provide guidance and support for the delivery of their plans.

SIRA's Chief Executive is the co-sponsor of the Aboriginal ERG and the Executive Sponsor of AbilityDFSI, the ERG for people with disability.

In 2018-19, SIRA staff were represented on six of the eight ERGs:

- Aboriginal ERG
- Carers ERG
- Culturally and linguistically diverse ERG
- DFSI Pride
- People with disability ERG (AbilityDFSI)
- Mature aged professionals ERG
- Women ERG
- Young Professionals Network.

²⁶ A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

²⁷ The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

SIRA supported a number of key activities across the Cluster to celebrate diversity:

- Reconciliation Week
- NAIDOC Week
- cultural values and sharing workshops.

Multicultural plan

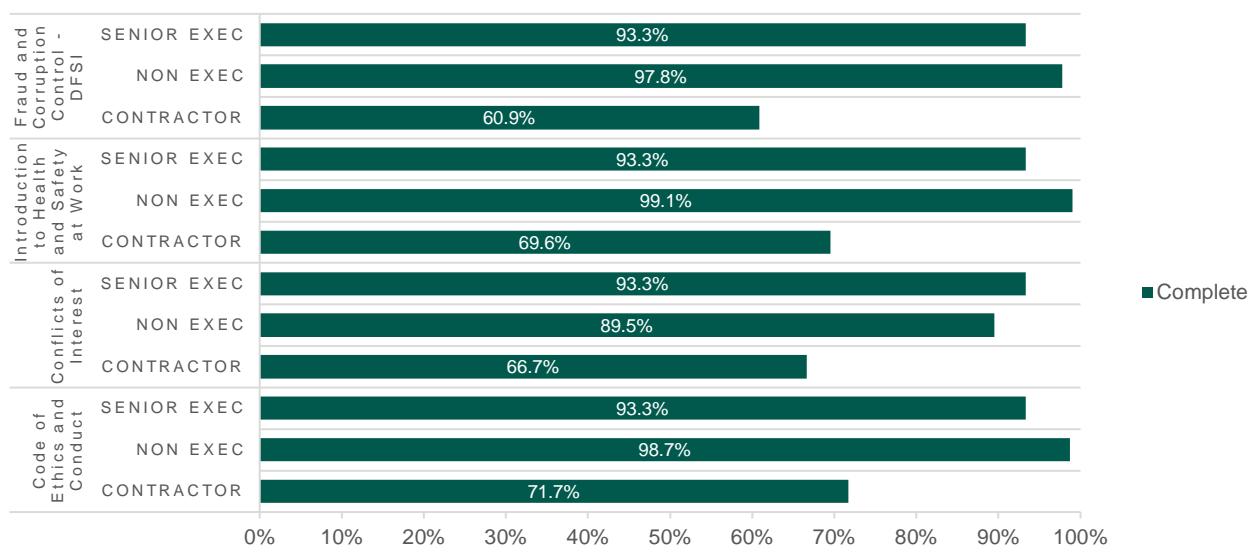
SIRA operates in line with its draft Multicultural Plan, which reflects SIRA’s commitment to ensure the programs and services SIRA provides cater for people from culturally, linguistically and religiously diverse backgrounds. The draft Multicultural Plan outlines high-level strategies, actions, and timeframes for SIRA to deliver on the seven outcome areas identified in the Community Relations Commission’s Multicultural Planning Framework.

Training and development

Mandatory learning

All government sector employees are required to demonstrate the highest levels of ethical conduct in their working relations with other government sector employees, clients and customers, stakeholders and the government of the day. Staff, including contractors, must complete mandatory learning modules to be aware of their obligations, understand what constitutes ethical conduct and to be knowledgeable about the laws, regulations and internal policies relevant to their roles.

Mandatory learning completion rates^{28,29}



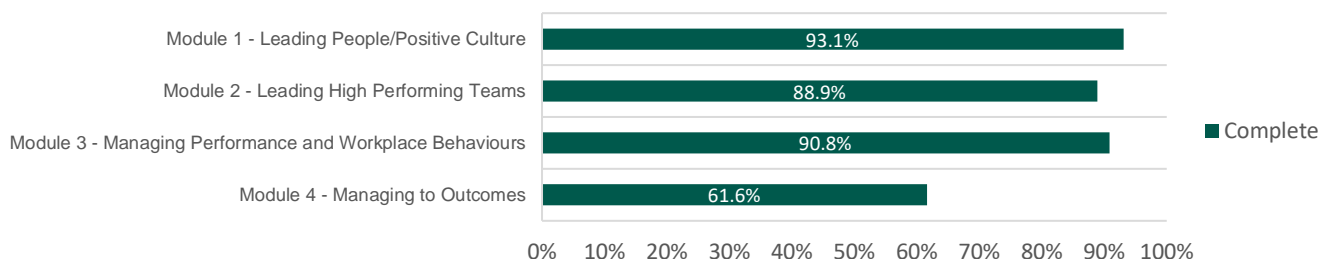
²⁸ The number of employees assigned this training equals the number assigned in the myCareer system as per current establishments including contractors.

²⁹ New starters are required to complete training within 35 days of commencement.

Leadership training

Leadership Essentials comprises four modules and is designed to help people leaders improve their skills in managing and developing staff and inspiring them to achieve organisational goals.

Leadership Essentials completion rates



Public interest disclosures

Public Interest Disclosures Act 1994

The *Public Interest Disclosures Act 1994* provides a statutory framework for employees to report concerns about:

- fraud and corruption
- maladministration
- serious and substantial waste of public money
- failures to properly fulfil functions under the *Government Information (Public Access Act) 2009*.

The purpose of the *Public Interest Disclosures Act 1994* is to ensure that employees who wish to make disclosures under the legislation receive protection from reprisals.

In 2018-19, SIRA employees were made aware of their rights and responsibilities under the *Public Interest Disclosures Act 1994* through:

- SIRA's internal reporting policy, available on the intranet, which includes procedures for the internal reporting of corruption and maladministration
- the DFSI Code of Ethics and Conduct
- a mandatory training module that all employees must complete.

Disclosures

Zero public interest disclosures were made within SIRA in 2018-19.

Our finances

Start of audited financial statements

Statement by the Chief Executive

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
State Insurance Regulatory Authority

Statement by the Chief Executive Officer

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, I state that in my opinion:

- (a) the accompanying financial statements exhibit a true and fair view of the financial position of the State Insurance Regulatory Authority as at 30 June 2019 and transactions for the period then ended; and
- (b) these statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015*, the *Government Sector Finance Act 2018*, Australian Accounting Standards and mandatory NSW Treasury accounting publications.

Further, I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Carmel Donnelly
Chief Executive Officer

State Insurance Regulatory Authority

27 September 2019

Financial statements for the year ended 30 June 2019

Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Expenses excluding losses				
Operating expenses				
Personnel services	2.1	55,953	45,981	38,377
Other operating expenses	2.2	511,694	118,823	119,223
Depreciation and amortisation	2.3	2,648	2,748	1,183
Grants and subsidies	2.4	12,687	4,017	5,038
Finance costs	2.5	-	2,225	2,014
Other expenses	2.6	(1,872)	404,477	373,070
Total expenses excluding losses		581,110	578,271	538,905
Revenue				
Levies, retained taxes, fees and fines	3.1	561,004	525,383	521,195
Grants and contributions		4,578	-	-
Investment revenue	3.2	7,939	22,589	17,988
Sale of goods and services	3.3	7,179	5,139	6,671
Other income	3.4	632	2,891	5,358
Total revenue		581,332	556,002	551,212
Operating result		221	(22,269)	12,307
Gains / (losses) on disposal	4	-	(341)	(25)
Other gains / (losses)	5	(510)	(185)	(793)
Net result		(289)	(22,795)	11,489
Other comprehensive income				
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		(289)	(22,795)	11,489

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2019

	Notes	Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	140,713	145,927	160,526
Receivables	7	67,012	40,656	52,345
Financial assets at fair value	8	177,823	206,800	195,410
Total Current Assets		385,548	393,383	408,281
Non-Current Assets				
Property, plant and equipment	9	12,546	3,416	1,647
Intangible assets	10	6,468	8,794	8,572
Total Non-Current Assets		19,014	12,210	10,219
Total Assets		404,562	405,593	418,500
LIABILITIES				
Current Liabilities				
Payables	12	46,569	70,897	38,511
Provisions	13	23,688	1,900	13,772
Other current liabilities	14	-	7,721	6,779
Total Current Liabilities		70,257	80,518	59,062
Non-Current Liabilities				
Payables	12	107,101	113,155	130,669
Provisions	13	96,138	10,999	11,448
Other non-current liabilities	14	-	97,202	90,804
Total Non-Current Liabilities		203,239	221,356	232,921
Total Liabilities		273,495	301,874	291,983
Net Assets		131,067	103,719	126,517
EQUITY				
Accumulated funds		131,066	103,719	126,517
Total Equity		131,066	103,719	126,517

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2019

	Note	Accumulated funds	Total
		\$'000	\$'000
Balance at 1 July 2018		126,517	126,517
Net result for the year		(22,795)	(22,795)
Other comprehensive income		-	-
Total comprehensive income for the year		(22,795)	(22,795)
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers		-	-
Balance at 30 June 2019		103,719	103,719
Balance at 1 July 2017		115,028	115,028
Net result for the period		11,489	11,489
Other comprehensive income		-	-
Total comprehensive income for the year		11,489	11,489
Transactions with owners in their capacity as owners			
Increase / (decrease) in net assets from equity transfers		-	-
Balance at 30 June 2018		126,517	126,517

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ending 30 June 2019

		Budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
	Notes			
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(56,339)	(51,307)	(37,142)
Grants and subsidies		(12,687)	(4,017)	(5,038)
Other		(514,595)	(518,902)	(516,688)
Total Payments		(583,621)	(574,226)	(558,868)
Receipts				
Sale of goods and services		7,179	5,852	13,112
Levies, retained taxes, fees and fines		561,004	521,792	528,111
Interest received		2,209	4,199	5,509
Grants and contributions		4,578	-	-
Other		632	27,305	33,528
Total Receipts		575,602	559,148	580,260
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	(8,020)	(15,078)	21,392
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		-	-	5
Purchases of property, plant and equipment		(4,555)	(6,521)	(5,294)
Purchases of investments		11,000	7,000	-
Other investing		(1,000)	-	-
Proceeds from sale of investments		-	-	5,700
NET CASH FROM INVESTING ACTIVITIES		5,445	479	411
NET INCREASE / (DECREASE) IN CASH		(2,575)	(14,599)	21,803
Opening cash and cash equivalents		143,288	160,526	138,723
CLOSING CASH AND CASH EQUIVALENTS	6	140,713	145,927	160,526

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of Significant Accounting Policies

1.1 Reporting entity

The State Insurance Regulatory Authority (the Authority) is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

These financial statements for the year ended 30 June 2019 have been authorised for issue by the Chief Executive Officer on 27 September 2019.

1.2 Constitution and functions of the State Insurance Regulatory Authority

The Authority is constituted under the *State Insurance and Care Governance Act 2015* (SICG 2015). The Authority has responsibility for the direction, control and management of a range of funds as outlined in Note 20. A reference in these financial statements to the Authority refers to all of those funds.

Under Part 3 of the SICG 2015, the Board determines the Authority's general policies and strategic direction. Additionally, it oversees the Authority's performance including ensuring that its activities are carried out properly and efficiently; and provides advice to the Minister.

1.3 Basis of preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the Public Finance and Audit Act 1983 (the Act) and the Public Finance and Audit Regulation 2015, and
- Treasurer's Directions issued under the Act.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Authority's presentation and functional currency.

1.4 Statement of compliance

The financial statements and notes comply with AAS, which include Australian Accounting Interpretations.

1.5 Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

1.6 Accounting for the Goods and Services Tax

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- amount of GST incurred by the Authority as a purchaser that is not recovered from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

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

1.7 Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

A new accounting system was introduced during the financial year, which has resulted in some minor re-classification within expenditure categories in Note 2.2.

1.8 Changes in accounting policies, including new or revised AAS

1.8.1 Effective for the first time in 2018-19

The Authority has adopted *AASB 9 Financial Instruments* (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments and impairment of financial assets.

AASB 9 also significantly amends other standards dealing with financial instruments such as the revised *AASB 7 Financial Instruments: Disclosures* (AASB 7R).

The Authority applied AASB 9 retrospectively but has not restated the comparative information which is reported under *AASB 139 Financial Instruments: Recognition and Measurement* (AASB 139). Any differences arising from the adoption of AASB 9 have been recognised directly in accumulated funds and other components of equity. There is no material impact, to the Authority, on adopting AASB 9 on the statement of financial position as at 1 July 2018.

1.8.1.1 Classification and measurement of financial instruments

On 1 July 2018, the Authority's management assessed which business models apply to the financial assets held by the Authority and classified its financial instruments into the appropriate AASB 9 categories.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Authority. The Authority continued measuring at fair value all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the Authority's financial assets:

- Trade receivables (excluding statutory receivables) and other financial assets classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost. From 1 July 2019, the initial recognition and measurement requirements of AASB 9 will apply to statutory receivables in accordance with AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* (AASB 2016-8).
- Investments in IGF Investment Trust are managed on a fair value basis and hence were designated at fair value through profit or loss under AASB 139 as at 30 June 2018. Under AASB 9, these are now mandatorily required at transition date of 1 July 2018 and going forward to be classified and measured as fair value through profit or loss.
- The Authority has not designated any financial liabilities at fair value through profit or loss (FVPL). There are no changes in the classification and measurement for the Authority's financial liabilities.

In summary, upon the adoption of AASB 9, the Authority had the following required or elected reclassifications as at 1 July 2018:

	Measurement category		Carrying amount		
	AASB 139	AASB 9	Original \$'000	New \$'000	Difference \$'000
Trade receivables (excl. statutory receivables)	Loans and Receivables (L&R)	Amortised cost	3,216	3,216	-
Statutory receivables	L&R	L&R	3,740	3,740	-
Other receivables	L&R	Amortised cost	33,700	33,700	-
Investments in IGF Investment Trust	FVPL	FVPL	206,800	206,800	-

1.8.1.2 Impairment

The adoption of AASB 9 has changed the Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred losses for financial assets with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Authority to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss, summarised as follows:

	Allowance for impairment under AASB 139 as at 30 June 2018	Re-measurement	ECL under AASB 9 as at 1 July 2018
	\$'000	\$'000	\$'000
Trade receivables (excl. statutory receivables)	-	-	-
Statutory receivables	2,515	-	-
Other receivables	-	-	-

There is no material impact to the Authority on adopting the new impairment model.

1.8.2 Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

The following new AAS have not been applied and are not yet effective:

- *AASB 15 Revenue from Contracts with Customers (AASB 15)*
- *AASB 16 Leases*
- *AASB 17 Insurance Contracts*
- *AASB 1058 Income of Not-for-profit Entities (AASB 1058)*
- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities*
- *AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*
- *AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
- *AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
- *AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors*
- *AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059*
- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*
- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*
- *AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities.*

2. Expenses excluding losses

2.1 Personnel services

	2019	2018
	\$'000	\$'000
Personnel services		
Salaries and wages (including annual leave)	36,171	32,496
Superannuation - defined contribution plans	3,034	2,516
Superannuation - defined benefit plans	1	528
Long service leave	4,386	543
Workers' compensation insurance	146	409
Payroll tax and fringe benefit tax	2,243	1,885
Total personnel services	45,981	38,377

Employee related costs that have been capitalised in intangible asset accounts, and therefore excluded from the above are \$1.1m (2018: \$1.4m).

2.2 Other operating expenses

	2019	2018
	\$'000	\$'000
Other operating expenses include the following:		
Auditor's remuneration		
audit of the financial statements	100	80
internal audit and reviews	125	126
Operating lease rental expense		
minimum lease payments	3,417	5,730
other related expenses	479	1,179
Maintenance	373	398
Computer support & software licence costs	8,115	9,438
Fees - Assessors	21,378	22,564
Fees - Services	13,715	13,310
Fees - Other	189	160
Advertising, promotion and publicity	430	2,494
Board & Committee fees ⁽¹⁾	741	612
Compensation Court	1,826	1,198
Consultants- Actuarial fees	8,121	5,228
Consultants- Other	-	132
Contracted Services	32,172	31,000
Contractors	11,727	8,134
Legal Fees	197	1,229
Travel & vehicle expenses	287	295

	2019	2018
	\$'000	\$'000
Communication expenses	1,621	1,651
Printing	410	704
Stores	96	-
Training	570	522
Vocational and rehabilitation programs	7,559	6,716
Other miscellaneous	5,175	6,323
Total other operating expenses	118,823	119,223
(1) Payments to Board members are made in accordance with Premier's Guidelines and cover the State Insurance Regulatory Authority Board.		

There is no personnel services maintenance expense.

2.3 Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Depreciation and amortisation		
Depreciation		
- Leasehold improvements & restoration	305	213
- Office machines and equipment	5	6
- Furniture and fittings (incl. Library)	-	5
- Computer hardware	281	396
Total depreciation	591	620
Amortisation		
- Computer software internally generated	2,027	481
- Computer software purchased	130	82
Total amortisation	2,157	563
Total depreciation and amortisation	2,748	1,183

Refer to Note 9 and 10 for recognition and measurement policies on depreciation and amortisation.

2.4 Grants and subsidies

	2019	2018
	\$'000	\$'000
Grants and subsidies		
Road Safety	3,727	4,745
Other	290	293
Total grants and subsidies	4,017	5,038

2.5 Finance costs

	2019	2018
	\$'000	\$'000
Finance costs		
Unwinding of discount rate - Judges pension	300	300
Unwinding of discount rate - Claims	1,925	1,714
Total finance costs	2,225	2,014

Finance costs consist of other costs incurred in connection with the Insurers Guarantee Fund (IGF) and the Compensation Court Judges Pension. These are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW General Government Sector entities.

2.6 Other expenses

Other expenses include the cost of funding the Workers Compensation Commission (WC Commission), the Workers Compensation Independent Review Officer (WIRO), the Independent Legal Assistance and Review Service (ILARS) and SafeWork NSW.

	2019	2018
	\$'000	\$'000
Other expenses		
Net claims incurred (excluding Finance costs)	13,115	2,257
WC Commission (Note 2.6.2)	27,153	26,283
WIRO (Note 2.6.3)	68,007	57,808
SafeWork NSW (Note 2.6.4)	132,903	122,847
Bulk Billing Fees - Ambulance Service of NSW	39,452	43,977
Bulk Billing Fees - NSW Ministry of Health	118,897	115,954
Processing Fees - Roads and Maritime Service	4,950	3,944
Total other expenses	404,477	373,070

2.6.1 Net claims incurred

	2019	2018
	\$'000	\$'000
Net claims incurred		
Finance costs - Claims (Note 2.5)	1,925	1,714
Net claims incurred (excluding Finance costs) (Note 2.6)	13,115	2,257
Total net claims incurred	15,040	3,971

Details of the net claims incurred by the Authorities various funds are:

	Claims paid 2019 \$'000	Finance Costs 2019 \$'000	Movement in claims liability 2019 \$'000	Net claims incurred 2019 \$'000	Net claims incurred 2018 \$'000
Insurers' Guarantee Fund	3,776	1,925	8,878	14,579	3,507
Nominal Defendant Fund	-	-	461	461	464
	3,776	1,925	9,339	15,040	3,971

2.6.2 Workers Compensation Commission

The WC Commission was constituted on 1 January 2002 pursuant to the *Workplace Injury Management and Workers Compensation Act 1998* (WIMWCA 1998).

Under Section 35 (2)(e1) of the WIMWCA 1998, the Authority is responsible for funding the costs of operations of the WC Commission including the remuneration (and allowances) of the members and of the staff of the WC Commission, and the remuneration of approved medical specialists.

The WC Commission resolves workers compensation disputes between injured workers and employers. They resolve and determine disputes about workers compensation claims, for example, weekly compensation for loss of income, payment of medical expenses and compensation for permanent impairment /pain and suffering.

They encourage parties (workers, employers and insurers) to discuss ways of resolving the dispute at all stages of the process.

The objectives of the WC Commission are:

- To provide a fair and cost-effective resolution service for disputed workers compensation claims.
- To provide an independent dispute resolution service that leads to durable agreements between the parties in accordance with the Workers Compensation Acts.
- To provide a timely service ensuring that workers entitlements are paid promptly.
- To provide a service that is accessible, approachable and professional.
- To communicate effectively with stakeholders.
- To reduce administrative costs to the workers compensation scheme.

Details of expenses incurred by the WC Commission are:

	2019 \$'000	2018 \$'000
Personnel services		
Salaries and allowances (including annual leave)	8,847	8,966
Other	1,505	2,141

	2019	2018
	\$'000	\$'000
Total personnel service	10,352	11,107
Other operating expenses		
Operating lease rental expenses	1,844	1,684
Contractors	-	325
Payments to arbitrators	3,045	4,151
Payments to approved medical specialists (AMS)	3,616	4,607
Payments for medical appeals panels	1,159	1,008
Payments for mediators	1,494	1,292
Other miscellaneous expenses	5,244	2,020
Total other operating expenses	16,403	15,087
Depreciation and amortisation	398	364
Less: Sundry income	-	(275)
Total WC Commission	27,153	26,283

2.6.3 Workers Compensation Independent Review Officer

The WIRO was established on 1 September 2012 pursuant to the WIMWCA 1998 and commenced operations on 1 October 2012.

Under Section 35 (2)(c) of the WIMWCA 1998, the Authority is responsible for funding the remuneration of the Independent Review Officer, staff and costs incurred in connection with the exercise of the functions of the WIRO.

The functions of WIRO are:

- To deal with complaints made to the Independent Review Officer under Division 2 of Schedule 10 of the *Workers Compensation Legislation Amendment Act 2012 No 53*.
- To review work capacity decisions of insurers under Division 2 (Weekly compensation by way of income support) of Part 3 of the *Workers Compensation Act 1987* (WCA 1987).
- To inquire into and report to the Minister on such matters arising in connection with the operation of the Workers Compensation Acts as the Independent Review Officer considers appropriate or as may be referred to the Independent Review Officer for inquiry and report by the Minister.
- To encourage the establishment by insurers and employers of complaint resolution processes for complaints arising under the Workers Compensation Acts.
- Such other functions as may be conferred on the Independent Review Officer by or under the Workers Compensation Acts or any other Act.

2.6.3.1 Independent Legal Assistance and Review Service (ILARS)

The Minister established ILARS to facilitate the provision of legal services at no cost to injured workers, in respect to their claims for compensation.

Under Section 27 of the WIMWCA 1998, the Authority has delegated this function to WIRO to administer.

ILARS considers the merits of any application for legal assistance in deciding to provide funding. If legal assistance is approved, ILARS will make a determination as to an appropriate level of funding that will be provided for the legal assistance.

The legal service providers submit invoices for their costs and expenses at certain times during the course of a claim. The costs incurred by ILARS are recognised upon submission of the invoice.

Details of expenses incurred by WIRO and ILARS are:

	2019	2018
	\$'000	\$'000
Personnel services		
Salaries and allowances (including annual leave)	5,574	3,733
Other	2,033	2,470
Total personnel service costs	7,607	6,203
Other operating expenses		
Operating lease and rental expenses	392	313
Consultants	-	4
Contractors	-	147
ILARS	57,449	50,465
Other miscellaneous expenses	2,559	676
Total other operating expenses	60,400	51,605
Total Workers Compensation Independent Review Officer	68,007	57,808

2.6.4 Safework NSW

The SICG 2015 was proclaimed effective 1 September 2015 to implement structural changes to the NSW workers compensation system and related compensation agencies. The SICG 2015 established SafeWork NSW as an independent workplace safety regulator.

SafeWork NSW's principal objectives are covered under Section 152 of the *Work Health and Safety Act 2011* (WHS 2011) as follows:

- To advise and make recommendations to the Minister and report on the operation and effectiveness of the WHS 2011.
- To monitor and enforce compliance with the WHS 2011.
- To provide advice and information on work health and safety to duty holders under the WHS 2011 and to the community.
- To collect, analyse and publish statistics relating to work health and safety.
- To foster a co-operative, consultative relationship between duty holders and the persons to whom they owe duties and their representatives in relation to work health and safety matters.

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- To promote and support education and training on matters relating to work health and safety.
- To engage in, promote and co-ordinate the sharing of information to achieve the object of the WHS 2011, including the sharing of information with a corresponding regulator.
- To conduct and defend proceedings before a court or tribunal, any other function conferred on the regulator by the WHS 2011.

Under Section 35 (2)(b) of the WIMWCA 1998, the Authority is responsible for funding the remuneration, allowances, office accommodation and other associated costs of SafeWork NSW.

Details of expenses incurred by SafeWork NSW are:

	2019	2018
	\$'000	\$'000
Personnel Services		
Salaries and allowances	58,274	53,864
Other	14,812	13,132
Total personnel services costs	73,086	66,996
Other operating expenses		
Agency short term staff	1,253	2,055
Operating lease expenses	4,920	7,310
Consultants	222	275
Contractors	-	6,714
Fees - Shared Services	36,523	37,106
Fees - Other	12,536	7,652
Advertising	5,124	3,977
	2019	2018
Grants and Subsidies	3,980	3,436
Other operating expenses	28,462	13,328
Total Other Operating expenses	93,020	81,853
Depreciation and amortisation	1,560	1,641
Total depreciation and amortisation	1,560	1,641
Total expenses	167,666	150,490
<i>Less:</i>		
Income		
Levies, retained taxes, fees and fines	18,775	16,890

3.1.2 Self and specialised insurers

Under Section 35 (1)(a) of the WIMWCA 1998, contributions are made to the Workers Compensation Operational Fund under Part 6 of the WIMWCA 1998 and are recognised when they fall due and are receivable by the Authority.

3.1.3 Workers compensation s156 recoveries

Double Avoided Premiums (s156 Recoveries) fines are issued by the Authority. The Authority recognises the s156 Recoveries upon issuing of a notice.

3.1.4 CTP Premium Levy

Funds are generated from levies on Compulsory Third Party (CTP) insurance premiums collected by licensed insurers in accordance with notices issued under Section 214A(5) of the *Motor Accidents Compensation Act 1999* (MAC 1999) and s10.17 of the *Motor Accidents Injuries Act 2017* (MAI 2017). CTP levy revenue is recognised when it falls due and is receivable by the Authority.

3.1.5 Home Building Operational Fund Contribution

Payments from the Home Building Compensation Fund to the Authority are provided for under Section 12A(3)(d2) of the *NSW Self Insurance Corporation Act 2004* to cover the Home Building Compensation regulatory functions of SIRA.

3.2 Investment revenue

	2019	2018
	\$'000	\$'000
Investment revenue		
Interest revenue from bank interest	4,199	4,613
IGF Investment Trust	18,390	13,375
Total investment revenue	22,589	17,988

3.2.1 Interest Income

Interest income is calculated by applying the effective interest method to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses).

3.3 Sale of goods and services

	2019	2018
	\$'000	\$'000
Sale of goods and services		
Fees for Services rendered to other Agencies	5,139	6,671

Total sale of goods and services	5,139	6,671
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3.3.1 Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

3.4 Other income

	2019	2018
	\$'000	\$'000
Other income		
Distribution from liquidator – IGF	-	23
Nominal Defendant Fund reinsurance recoveries	299	299
Superannuation defined benefit contribution	-	516
Other	2,592	4,520
Total other income	2,891	5,358

Under a 2013 Crown Solicitor opinion the Nominal Defendant Fund (NDF) retains all recoveries from reinsurers, of the former HIH group that relate to NSW Third Party Insurance claims.

Amounts distributed by the liquidators of HIH as part of the liquidation are the property of NSW Treasury (Crown Entity). If the NDF has insufficient funds to meet claims liabilities, then NSW Treasury will provide funds through the Policyholders Protection Fund. Refer note 20 for details of balances.

4. Gains / (Losses) on Disposal

	2019	2018
	\$'000	\$'000
Net gain/(loss) on disposal of property, plant and equipment and intangibles	(341)	(25)
Total gain/(loss) on disposal	(341)	(25)

5. Other Gains / (Losses)

	2019	2018
	\$'000	\$'000
Allowance for impairment of receivables	(185)	(793)
Total other gains/(losses)	(185)	(793)

Gains include, for example, those arising on the disposal of non-current assets. Losses are the opposite of gains which represent decreases in economic benefits and as such are no different in nature from expenses.

Gains represent other items that meet the definition of income and may, or may not, arise in the course of the ordinary activities of the Authority. Gains represent increases in economic benefits and as such are no different in nature from revenue.

6. Current assets – cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank and on hand	145,927	160,526
Total cash and cash equivalents	145,927	160,526

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, short term deposits with original maturities of 3 months or less and subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of cash flows as follows:

	2019	2018
	\$'000	\$'000
Cash and cash equivalent assets (per Statement of financial position)	145,927	160,526
Closing cash and cash equivalents (per Statement of cash flows)	145,927	160,526

Refer to Note 21 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current/Non-Current Assets - Receivables

	2019	2018
	\$'000	\$'000
Receivables		
Receivables	21,364	23,936
Less allowance for impairment	(2,291)	(2,595)
Less allowance for expected credit loss	-	-
Prepayments	915	2,099
CTP premium levy receivable	20,668	28,905
Total Receivables	40,656	52,345

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 21.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

7.1 Subsequent measurement under AASB 9 (from 1 July 2018)

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

7.2 Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

7.3 Impairment under AASB 9 (from 1 July 2018)

The Authority recognises an allowance for ECLs for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

For trade receivables (excluding statutory receivables), the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provisions matrix on its historical credit loss experiences for trade receivables (excluding statutory receivables), adjusted for forward looking factors specific to the receivable.

The initial recognition and measurement requirements of AASB 9 will apply to statutory receivables in accordance with AASB 2016-8.

7.4 Impairment under AASB 9 (from 1 July 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Authority first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

There is no material impact to the Authority on adopting the new impairment model.

8. Current/Non-Current Assets - Financial assets at fair value

	2019	2018
	\$'000	\$'000
IGF Investment Trust	206,800	195,410
Total financial assets at fair value	206,800	195,410

Refer to Note 21 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

8.1 Classification and measurement under AASB 9 (from 1 July 2018)

The Authority's financial assets at fair value are classified, at initial recognition, as subsequently measured at either fair value through other comprehensive income or fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. Transaction costs of financial assets carried at other comprehensive income are included as part of their fair value and amortised to net results using the effective interest method.

The IGF Investment Trust is managed and its performance is evaluated on a fair value basis and therefore the business model is neither to hold to collect contractual cash flows or sell the financial asset. Hence the IGF Investment Trust is mandatorily required to be measured at fair value through profit or loss.

Notwithstanding the criteria to be classified at amortised cost or at fair value through other comprehensive income, financial assets may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses), except for the IGF Investment Trust which is presented in 'investment revenue' in the period in which it arises.

8.2 Classification and measurement under AASB 139 (for comparative period ended 30 June 2018)

The Authority classified its financial assets at fair value either as financial assets at fair value through profit or loss or available-for-sale financial assets. The classification was based on the purpose of acquiring such financial assets.

The IGF Investment Trust is designated at fair value through profit or loss as these financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to the Authority's key management personnel.

These assets relate to the IGF and their availability for use by the Authority is "restricted". They can only be used for purposes set out in the legislation that established those funds. Note 20 provides more details.

9. Property, Plant and Equipment

	Leasehold improvements and restoration	Office equipment	Furniture and fittings	Computer Hardware	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2018 - fair value					
Gross carrying amount	19,436	199	171	3,101	22,907
Accumulated depreciation and impairment	(18,222)	(188)	(171)	(2,679)	(21,260)
Net carrying amount	1,214	11	-	422	1,647
At 30 June 2019 - fair value					
Gross carrying amount	21,760	158	171	2,160	24,249
Accumulated depreciation and impairment	(18,526)	(152)	(171)	(1,984)	(20,833)
Net carrying amount	3,234	6	-	176	3,416

9.1 Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

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	Leasehold improvements and restoration	Office equipmen t	Furniture and fittings	Computer Hardware	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2019					
Net carrying amount at beginning of year	1,214	11	-	422	1,647
Additions	1,642	-	-	122	1,764
Disposals	-	-	-	(87)	(87)
Depreciation expense	(305)	(5)	-	(281)	(591)
Other movements	683	-	-	-	683
Net carrying amount at end of year	3,234	6	-	176	3,416

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

	Leasehold improvements and restoration	Office equipmen t	Furniture and fittings	Compute r Hardware	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2017 - fair value					
Gross carrying amount	22,488	215	197	3,741	26,641
Accumulated depreciation and impairment	(19,378)	(196)	(192)	(2,948)	(22,714)
Net carrying amount	3,110	19	5	793	3,927
At 30 June 2018 - fair value					
Gross carrying amount	19,436	199	171	3,101	22,907
Accumulated depreciation and impairment	(18,222)	(188)	(171)	(2,679)	(21,260)
Net carrying amount	1,214	11	-	422	1,647

9.2 Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

	Leasehold improvements and restoration	Office equipment	Furniture and fittings	Computer Hardware	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2018					
Net carrying amount at beginning of year	3,110	19	5	793	3,927
Additions	1,036	-	-	59	1,095
Disposals	(4,088)	(17)	(26)	(698)	(4,829)
Other movements	1,369	15	26	664	2,074
Depreciation expense	(213)	(6)	(5)	(396)	(620)
Net carrying amount at end of year	1,214	11	-	422	1,647

9.3 Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction, or where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

9.4 Capitalisation thresholds

Property, plant and equipment costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Intangible assets costing \$100,000 and above individually (or forming part of a network costing more than \$100,000) are capitalised.

9.5 Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

9.6 Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

All material identifiable components of assets are depreciated separately over their useful lives.

The rates applied are:

Categories	2019	2018
	%	%
Furniture and fittings	10	10
Office machines and equipment	20	20
Computer hardware	20.0-33.3	20.0-33.3

Leasehold improvements are depreciated over the unexpired term of the respective leases or the estimated life of the improvements whichever is the shorter.

9.7 Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with *AASB 13 Fair Value Measurement* (AASB 13), *AASB 116 Property, Plant and Equipment* (AASB 116) and *AASB 140 Investment Property* (AASB 140).

Property, plant and equipment is measured as the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective using valuation techniques (market approach, cost approach, income approach) that maximises relevant observable inputs and minimise unobservable inputs. Also refer Note 21 for further information regarding fair value.

All of the Authority's assets are non-specialised assets with short useful lives which are measured at depreciated historical cost, which for these assets approximates fair value. The

Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

9.8 Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* (AASB 136) is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material.

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Authority estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit Authority, an impairment loss is recognised in the net result.

10. Intangible assets

	Internally generated computer software	Computer software purchased	Softwar e WIP	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2018 - fair value				
Gross carrying amount	19,473	1,869	4,503	25,845
Accumulated depreciation and impairment	(15,534)	(1,739)	-	(17,273)
Net carrying amount	3,939	130	4,503	8,572
At 30 June 2019 - fair value				
Gross carrying amount	26,356	1,250	-	27,606
Accumulated depreciation and impairment	(17,562)	(1,250)	-	(18,812)
Net carrying amount	8,794	-	-	8,794

10.1 Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

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	Internally generated computer software	Computer software purchased	Software WIP	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2019				
Net carrying amount at beginning of year	3,939	130	4,503	8,572
Additions	7,136	-	-	7,136
Amortisation	(2,027)	(130)	-	(2,157)
Other movements	(254)		(4,503)	(4,757)
Net carrying amount at end of year	8,794	-	-	8,794

	Internally generated computer software	Computer software purchased	Software WIP	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2017 - fair value				
Gross carrying amount	12,776	6,156	2,143	21,075
Accumulated depreciation and impairment	(12,511)	(5,717)	-	(18,228)
Net carrying amount	265	439	2,143	2,847
At 30 June 2018 - fair value				
Gross carrying amount	19,473	1,869	4,503	25,845
Accumulated depreciation and impairment	(15,534)	(1,739)	-	(17,273)
Net carrying amount	3,939	130	4,503	8,572

10.2 Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

	Internally generated computer software	Computer software purchased	Software WIP	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2018				
Net carrying amount at beginning of year	265	439	2,143	2,847
Additions	4,168	-	3,217	7,385
Disposals	(591)	(940)	(857)	(2,388)
Writeback on Disposal	578	940	-	1,518
Amortisation	(481)	(82)	-	(563)
Other movements	-	(227)	-	(227)
Net carrying amount at end of year	3,939	130	4,503	8,572

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 21.

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market.

As there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The Authority's intangible assets are amortised using the straight-line method over its useful life. The rates applied are:

Categories	2019	2018
	%	%
Computer software	25	25

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

11. Fair value measurement of non-financial assets

11.1 Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of observable inputs. Under AASB 13, the Authority categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets/liabilities that the Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observables, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

11.1.1 Fair value hierarchy

	2019			
	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Unit trusts	-	206,800	-	206,800
Total	-	206,800	-	206,800

				2018
	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Unit trusts	-	195,410	-	195,410
Total	-	195,410	-	195,410

There were no transfers between level 1 and 2 during the periods.

11.1.2 Valuation techniques, inputs and processes

The IGF Investment Trust fund is measured at fair value. The amortised cost of financial instruments recognised in the statement of financial position approximates fair value, because of the short-term nature of many of the financial instruments.

12. Current/non-current liabilities – payables

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries, wages and on-costs	10,148	3,012
Creditors	57,749	30,920
Accrued bulk billing fees	3,000	4,579
Total current payables	70,897	38,511
Non-current		
Creditors	106,937	124,152
Surplus funds repayable	6,218	6,517
Total non-current payables	113,155	130,669
Total payables	184,052	169,180

Details regarding liquidity risk including a maturity analysis of the above payables are disclosed in Note 21.

Payables represent liabilities for goods and services provided to the Authority and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

13. Current/non-current liabilities – provisions

	2019 \$'000	2018 \$'000
Personnel services and related on-costs		
To be settled no more than 12 months of reporting date:		
Annual leave entitlements including on-costs	-	2,989
Long service leave entitlements including on-costs	-	8,983
To be settled more than 12 months of reporting date:		
Long service leave entitlements including on-costs	-	449
	-	12,421
Other Provisions		
To be settled no more than 12 months of reporting date:		
Compensation Court Judges pension	1,900	1,800
To be settled more than 12 months of reporting date:		
Compensation Court Judges pension	9,600	9,600
Restoration costs – leased buildings	1,399	1,399
	12,899	12,799
Current	1,900	13,772
Non current	10,999	11,448
Total Provisions	12,899	25,220
Aggregate employee benefits and related on-costs		
Provisions – current	-	11,972
Provisions – non-current	-	449
Accrued salaries, wages and on-costs (Note 12)	10,148	3,012
	10,148	15,433

13.1 Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits. These have been absorbed by the Department of Finance, Service and Innovation as at 30 June 2019.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (AASB 119) (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. The Authority has assessed the actuarial advice based on the Authority's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Authority does not expect to settle the liability within 12 months as the Authority does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

13.2 Long service leave and superannuation

The Authority's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Authority accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

13.3 Compensation Court Judges pensions

The *Compensation Court Repeal Act 2002* abolished the Compensation Court from 1 January 2004 and transferred the Court's jurisdiction to the WC Commission. Certain matters such as coal miners' workers compensation disputes and Police "hurt on duty" matters were transferred to the residual jurisdiction of the District Court which was funded by the WorkCover Authority until 30 June 2005.

As WorkCover was responsible for funding the costs of the former Compensation Court it became responsible for funding the pension costs of retired judges of the former Compensation Court. With the abolishment of WorkCover these liabilities have been transferred to the Authority which has continuing obligations under the WIMWCA 1998.

The key economic assumptions used in the valuation of the Judges Pension are:

	2019	2018
	%	%
Discount rate	1.25	2.50
Future salary growth	2.50	2.50

13.4 Movements in the provisions (other than employee benefits)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Judges pension	Restoration on leased premises	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	11,400	1,399	12,799
Additional provisions recognised	1,826	-	1,826
Amounts used	(2,026)	-	(2,026)
Unwinding / change of discount rate	300	-	300
Carrying amount at end of period	11,500	1,399	12,899

14. Current / Non-Current Liabilities - Other liabilities

(a) Details of the nature of outstanding claims are provided in Note 21.

The liability brought to account is the amount recommended by consulting actuaries determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

The dissection of the total liability by Scheme is:

	2019	2018
	\$'000	\$'000
Insurer's Guarantee Fund comprising:		
- Non-HIH	66,906	61,752
- HIH Insurance Co. Ltd.	35,822	33,950
Total Insurer's Guarantee Fund	102,728	95,702
Nominal Defendant Fund	2,195	1,881
Total outstanding claims	104,923	97,583
Expected future claims payments	119,587	128,428
Claims handling expenses	14,237	18,809
Discount to present value	(28,901)	(49,654)
Liability for outstanding claims	104,923	97,583

	2019	2018
Current	7,721	6,779
Non-current	97,202	90,804
Liability for outstanding claims	104,923	97,583
Outstanding claims valued in accordance with AASB 137		
Carrying amount at start of period	97,583	103,494
Amounts used	(3,776)	(5,197)
Finance cost - unwinding of the discount rate	1,925	1,714
Change in discount rate	11,378	2,873
Increase/(Decrease) in amounts provided	(2,187)	(5,301)
Carrying amount at end of period	104,923	97,583

(b) The weighted average expected term to settlement for the reporting date of the outstanding claims for each scheme is:

	2019	2018
	Years	Years
Insurer's Guarantee Fund	12.9	11.8

The following average inflation and discount rates were used in measuring the liability for outstanding claims expected to be paid not later than one year:

	2019	2018
	%	%
Inflation rate	2.38	2.40
Discount rate	0.93	2.06

(d) The following average inflation and discount rates were used in measuring the liability for outstanding claims expected to be paid later than one year:

	2019	2018
	%	%
Inflation rate	2.45-3.10	2.54-3.50
Discount rate	0.89-5.00	2.25-5.50

(e) There is inherent uncertainty in any estimate of outstanding claims liabilities that limits its accuracy. The areas of uncertainty associated with the outstanding claims liability in these financial statements arise from the following:

- The actual model and method may not exactly match the claims process.
- Past claim fluctuations may create uncertainty in the estimated model parameters.
- Undetected errors in the data may result in errors in the model parameters.
- Future economic and environmental conditions may be different to those assumed.
- Future claims fluctuations result in uncertainty of the projected liability, even if the model and its parameters were perfect.

15. Commitments

	2019	2018
	\$'000	\$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not Later than one year	3,312	3,230
Later than one year but not later than five years	11,806	12,133
Later than five years	9,505	12,490
Total (including GST)	24,623	27,853

Operating Lease commitments relate to premises at Gosford and multiple locations in the Sydney CBD.

Commitments of the Authority include input tax credits of 2019 \$2.239m (2018: \$2.532m) and are expected to be recoverable from the Australian Taxation Office.

16. Self-insurers and specialised insurers security deposits and bank guarantees

Under sections 182 and 213-215B of the WCA 1987, the Authority administers security deposits and bank guarantees lodged by self-insurers and specialised insurers.

As at 30 June 2019, the Authority held deposits and bank guarantees to the value of \$1,302m (2018: \$1,298m). These deposits and guarantees are held for the payment of all accrued, continuing, future and contingent claims liabilities of self-insurers and specialised insurers under the Act which are not otherwise satisfied.

Money deposited with the Authority for this purpose is invested in term deposits with Australian owned banks or authorised securities, which are issued or guaranteed by State or Commonwealth. The interest on such investments is paid to each self-insurer and specialised insurer.

A separate bank account for lodgement of cash deposits has been established and the balance of the account as at 30 June 2019 was \$50k (2018: \$32k). A reconciliation of the movement in deposits and bank guarantees held by the Authority follows:

	2019	2018
	\$m	\$m
Balance at beginning of period	1,298	1,376
Deposits and guarantees lodged	507	554
Deposits and guarantees returned	(503)	(632)
Balance at end of period	1,302	1,298

17. Contingent Liabilities and Contingent Assets

A contingent liability is a possible liability that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Authority. Contingent liabilities are disclosed when the possibility

of outflows is higher than remote but less than probable. A contingent asset is the opposite of a contingent liability.

The Authority does not have any known contingent liabilities or assets at 30 June 2019 (2018: Nil).

18. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amount. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

18.1 Net result

The original budget was revised to an approved net result of (\$20m) during the year to facilitate a \$10 reduction in green slip prices to reduce the cash holdings in the Motor Accidents Operational Fund. The net result achieved of (\$23m) is unfavourable to the revised budget due largely to the reduction in green slip prices.

18.2 Net assets

The original budget was revised to an approved net assets of \$106m during the year to facilitate a \$10 reduction in green slip prices to reduce the cash holdings in the Motor Accidents Operational Fund. The net assets achieved of \$104m results in an immaterial variance.

18.3 Cash flows

The original budget was revised to an approved net decrease in cash of (\$33m) during the year to facilitate a \$10 reduction in green slip prices to reduce the cash holdings in the Motor Accidents Operational Fund. The net decrease in cash achieved of (\$15m) is unfavourable to the revised budget due to the timing of the realised reduction.

19. Reconciliation of cash flows from operating activities to net result

A reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income is as follows:

	2019	2018
	\$'000	\$'000
Net cash used on operating activities	(15,078)	21,392
Depreciation and amortisation expense	(2,748)	(1,183)
Allowance for Impairment	(185)	(793)
Decrease / (increase) in provisions	12,321	2,154
Increase / (decrease) in prepayments and other assets	(10,755)	(13,761)
Decrease / (increase) in payables	(17,097)	(15,577)
Decrease / (increase) in other liabilities	(7,338)	5,911
Net gain / (loss) on sale of property, plant and equipment and investment properties	18,085	13,346
Net result	(22,795)	11,489

20. Restricted assets and liabilities (funds)

The Authority has direction and management responsibilities for a number of funds. These funds are mutually exclusive. For this reason these funds are viewed as being “restricted” and the assets and liabilities in each fund cannot be utilised by the Authority for any other purpose than that specified in the legislation that created these funds.

Details of the operations of these funds are disclosed in the financial statements below.

These funds are:

20.1 Workers Compensation Operational Fund

This fund is constituted under Section 34 of the WIMWCA 1998. It is funded from contributions by insurers and self- insurers and it meets the Authority’s operating expenses in relation to its Workers compensation regulatory functions as well as payments to SafeWork NSW as the independent workplace safety regulator, payments to the WC Commission responsible for the determination of workers compensation disputes and payments to WIRO to manage complaints made.

20.2 Insurers’ Guarantee Fund

As a consequence of National Employers’ Mutual General Insurance Association Limited being placed into provisional liquidation on 1 May 1990, the IGF was established. Contributions from insurers and distributions by the liquidators are applied to meet the claims costs and administrative expenses of the fund.

The fund also meets the cost of the run-off of remaining claims liabilities of the HIH Insurance Group, the Greatlands General Insurance Co Ltd, Bishopsgate Insurance Australia Ltd, Associated General Contractors Insurance Co Ltd and Rural & General Insurance Limited.

20.3 Home Building Operational Fund

The Fund is constituted under section 103EF of the *Home Building Act 1989*. It is primarily funded from contributions by licenced insurers and it meets the Authority’s operating expenses in relation to its home building insurance regulatory functions.

20.4 Home Building Insurers Guarantee Fund

The Fund is constituted under Section 1030A of the Home Building Act 1989. It is funded from contributions by licensed insurers for the administration of insolvent insurers at such time and at such amount as determined by the Authority. The Authority has made no such determinations to date.

20.5 Motor Accidents Operational Fund

This fund is constituted under Section 212 of the MAC 1999 and section 10.12 of the MAI 2017. It is funded from levies on CTP premiums and it meets the Authority’s operating expenses in relation to its Motor Accidents regulatory functions as well as fees to the Roads and Maritime Service to co-ordinate registration and insurance of motor vehicles and to the Minister for Health and the Ambulance Service of NSW for hospital and ambulance services to persons with claims under the MAC 1999 and section 10.12 of the MAI 2017.

20.6 Nominal Defendant Fund

Under the MAC 1999 and the MAI 2017, the Nominal Defendant meets CTP claims from policies issued by insolvent insurers. For the purposes of the Act, the Authority is the Nominal Defendant. Following the collapse of HIH Insurance Limited (HIH), the Nominal Defendant became responsible for the liabilities owed to policyholders. The Nominal Defendant is also entitled to recoveries by the liquidator of HIH from reinsurers of HIH. The Authority engaged Allianz Australia Insurance Limited to manage the claims on its behalf. At 30 June 2019, the HIH liabilities were valued by an independent claims assessor.

Funds held by the Nominal Defendant are only able to be used to meet the obligation of the Nominal Defendant and cannot be used to meet the Authority's operational requirements.

20.7 Terrorism Re-insurance Fund

Section 239AE of the WCA 1987 provides for the establishment of a Terrorism Re-insurance Fund on the first occasion (if any) that a declaration is made under Section 239AD of the Act.

The purpose of the fund is to meet the cost of workers compensation liabilities of an insurer and/or a self-insurer arising from an act of terrorism. No declaration has been made under section 239AD and accordingly, the fund has not been established as at the reporting date.

20.8 Statement of comprehensive income for the year ending 30 June 2019

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Operational Fund		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses including losses												
Operating expenses												
Personnel services	20,269	21,263	-	-	23,793	16,524	-	-	1,919	590	45,981	38,377
Other operating expenses	35,361	38,208	1,367	2,073	79,001	73,530	-	-	3,094	5,412	118,823	119,223
Depreciation and amortisation	1,026	887	-	-	1,717	296	-	-	5	-	2,748	1,183
Grants and subsidies	147	293	-	-	3,870	4,745	-	-	-	-	4,017	5,038
Finance costs	300	300	1,925	1,714	-	-	-	-	-	-	2,225	2,014
Other expenses	228,063	206,938	12,654	1,793	163,299	163,875	461	464	-	-	404,477	373,079
Total expenses excluding losses	285,166	267,889	15,946	5,580	271,680	258,970	461	464	5,018	6,002	578,271	538,905
Revenue												
Levies, retained taxes, fees and fines	279,676	264,594	(2,452)	(7,852)	243,581	259,095	-	-	4,578	5,358	525,383	521,195
Investment revenue	1,634	1,854	18,398	13,404	2,412	2,565	140	165	5	-	22,589	17,988
Sale of goods and services	5,139	6,671	-	-	-	-	-	-	-	-	5,139	6,671
Other revenue	1,185	1,206	-	28	1,385	3,825	321	299	-	-	2,891	5,358
Total revenue	287,634	274,325	15,946	5,580	247,378	265,485	461	464	4,583	5,358	556,002	551,212
Operating Result	2,468	6,436	-	-	(24,302)	6,515	-	-	(435)	(644)	(22,269)	12,307
Gain/(loss) on disposal	(341)	(25)	-	-	-	-	-	-	-	-	(341)	(25)
Other gains/(losses)	(185)	(793)	-	-	-	-	-	-	-	-	(185)	(793)
Net result	1,942	5,618	-	-	(24,302)	6,515	-	-	(435)	(644)	(22,795)	11,489
TOTAL COMPREHENSIVE INCOME	1,942	5,618	-	-	(24,302)	6,515	-	-	(435)	(644)	(22,795)	11,489

20.9 Statement of financial position as at 30 June 2019

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Operational Fund		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current assets												
Cash and cash equivalents	61,145	71,442	1,658	833	76,181	79,907	7,626	7,495	(683)	849	145,927	160,526
Receivables	11,262	19,950	717	436	26,618	30,994	782	903	1,277	62	40,656	52,345
Financial assets at fair value	-	-	206,800	195,410	-	-	-	-	-	-	206,800	195,410
Total current assets	72,407	91,392	209,175	196,679	102,799	110,901	8,408	8,398	594	911	393,383	408,281
Non-current assets												
Property, plant and equipment	3,267	1,647	-	-	149	-	-	-	-	-	3,416	1,647
Intangible assets	2,518	785	-	-	6,218	7,787	-	-	58	-	8,794	8,572
Total non-current assets	5,785	2,432	-	-	6,367	7,787	-	-	58	-	12,210	10,219
Total assets	78,192	93,824	209,175	196,679	109,166	118,688	8,408	8,398	652	911	405,593	418,500
LIABILITIES												
Current liabilities												
Payables	29,367	17,514	280	1,037	40,795	19,799	-	-	455	161	70,897	38,511
Provisions	1,900	7,740	-	-	-	5,913	-	-	-	119	1,900	13,772
Other	-	-	5,527	4,898	-	-	2,194	1,881	-	-	7,721	6,779
Total current liabilities	31,267	25,254	5,807	5,935	40,795	25,712	2,194	1,881	455	280	80,518	59,062

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	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Operational Fund		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities												
Payables	774	24,212	106,167	99,940	-	-	6,214	6,517	-	-	113,155	130,669
Provisions	10,596	10,745	-	-	403	703	-	-	-	-	10,999	11,448
Other	-	-	97,202	90,804	-	-	-	-	-	-	97,202	90,804
Total non-current liabilities	11,370	34,957	203,369	190,744	403	703	6,214	6,517	-	-	221,356	232,921
Total liabilities	42,637	60,211	209,175	196,679	41,198	26,415	8,408	8,398	455	280	301,874	291,983
Net assets	35,554	33,613	-	-	67,968	92,273	-	-	197	631	103,719	126,517
EQUITY												
Accumulated funds	35,554	33,613	-	-	67,968	92,273	-	-	197	631	103,719	126,517
Total equity	35,554	33,613	-	-	67,968	92,273	-	-	197	631	103,719	126,517

20.10 Statement of cash flows for the year ending 30 June 2019

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Operational Fund		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES												
Payments												
Personnel services	(25,130)	(16,043)	-	-	(24,169)	(20,576)	-	-	(2,008)	(523)	(51,307)	(37,142)
Grants and subsidies	(147)	(293)	-	-	(1,989)	(4,745)	(1,881)	-	-	-	(4,017)	(5,038)
Other	(284,708)	(274,640)	(3,512)	(6,059)	(229,145)	(230,068)	1,551	(369)	(3,088)	(5,552)	(518,902)	(516,688)
Total payments	(309,985)	(290,976)	(3,512)	(6,059)	(255,303)	(255,389)	(330)	(369)	(5,096)	(6,075)	(574,226)	(558,868)
Receipts												
Sale of goods and services	5,852	13,112	-	-	-	-	-	-	-	-	5,852	13,112
Levies, retained taxes, fees and fines	267,549	266,100	(2,452)	-	251,819	256,653	299	-	4,577	5,358	521,792	528,111
Interest received	1,633	2,129	8	29	2,412	3,010	140	341	6	-	4,199	5,509
Other	25,867	23,966	(219)	178	2,714	8,870	22	365	(1,079)	149	27,305	33,528
Total receipts	300,901	305,307	(2,663)	207	256,945	268,533	461	706	3,504	5,507	559,148	580,260
NET CASH FLOWS FROM OPERATING ACTIVITIES	(7,203)	14,331	(6,175)	(5,852)	(240)	13,144	131	337	(1,591)	(568)	(15,078)	21,392

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	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Operational Fund		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM INVESTING ACTIVITIES												
Proceeds from sale of property, plant and equipment	-	5	-	-	-	-	-	-	-	-	-	5
Purchases of property, plant and equipment	(3,094)	(182)	-	-	(3,486)	(5,112)	-	-	-	-	(6,521)	(5,294)
Purchase of investments	-	-	(7,000)	-	-	-	-	-	-	-	(7,000)	-
Proceeds from the sale of investments	-	-	-	5,700	-	-	-	-	-	-	-	5,700
NET CASH FLOWS FROM INVESTING ACTIVITIES	(3,094)	(177)	7,000	5,700	(3,486)	(5,112)	-	-	-	-	479	411
NET INCREASE/(DECREASE) IN CASH	(10,297)	14,154	825	(152)	(3,726)	8,032	131	337	(1,532)	(568)	(14,599)	21,803
Opening cash and cash equivalents	71,442	57,288	833	985	79,907	71,875	7,495	7,158	849	1,417	160,526	138,723
Cash transferred in as a result of administrative restructure	-	-	-	-	-	-	-	-	-	-	-	-
CLOSING CASH AND CASH EQUIVALENTS	61,145	71,442	1,658	833	76,182	79,907	7,626	7,495	(683)	849	145,927	160,526

21. Financial instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Authority's Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

21.1 Financial instrument categories

21.1.1 As at 30 June 2019 under AASB 9:

		Category	Carrying amount 2019
<u>Financial assets</u>	Notes		\$'000
Cash and cash equivalents	6	N/A	145,927
Receivables ¹	7	Amortised cost	17,825
Financial assets at fair value	8	At fair value through profit or loss - mandatory classification	206,800
<u>Financial liabilities</u>			
Class:			
Payables ²	12	Financial liabilities measured at amortised cost	71,288

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

21.1.2 As at 30 June 2018 under AASB 139:

		Category	Carrying amount 2018
Financial assets	Note		\$'000
	s		
Cash and cash equivalents	6	N/A	160,526
Receivables ¹	7	Loans and receivables (at amortised cost)	10,574
Financial assets at fair value	8	At fair value through profit or loss – designated as such at initial recognition	195,410
Financial liabilities			
Class:			
Payables ²	12	Financial liabilities measured at amortised cost	31,269

Notes: 1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7). 2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

The authority determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

21.2 Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Authority has transferred substantially all the risks and rewards of the asset; or
- The Authority has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

21.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities.

21.4 Financial risks

21.4.1 Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables and other authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through a selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW Treasury Corporation (TCorp) are guaranteed by the State.

The Authority considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Authority may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority.

21.4.1.1 Cash and cash equivalents

Cash comprises cash on hand, balances held at private financial institutions, term deposits with a maturity of less than 3 months and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The IGF Investment Trust is discussed in market risk below.

21.4.1.2 Accounting policy for impairment of trade debtors under AASB 9

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. An allowance for impairment is raised when there is objective evidence that the Authority will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

AASB 9 requires the Authority to recognise an allowance for ECLs for all trade debtors, however the Authority's trade debtors are predominantly statutory receivables and as such are out of scope for the current financial year. From 1 July 2019, the initial recognition and measurement requirements of AASB 9 will apply to statutory receivables in accordance with AASB 2016-8.

Trade debtors are written off when they are known to be uncollectible and there is no reasonable expectation of recovery.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019.

21.4.2 Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults of borrowings. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid, automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Chief Executive Officer or their nominated delegate may automatically pay the supplier simple interest. There was \$nil interest payments made for late payment of accounts in 2019 (2018: \$nil).

The table below summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

21.4.2.1 Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal amount	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1-5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019								
Payables	N/A	71,288	-	-	71,288	71,288	-	-
2018								
Payables	N/A	31,269	-	-	31,269	31,269	-	-

Notes 1: The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Authority can be required to pay. The table includes both interest (if applicable) and principal cash flows and therefore will not reconcile to the statement of financial position.

21.4.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposure to market risk is primarily through interest rate risk on cash and cash equivalents and other price risks associated with the movement in the unit price of the IGF Investment Trust. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to reasonably possible change in risk variance is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variance has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is performed on the same basis as for 2018. The analysis assumes that all other variables remain constant.

21.4.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Authority's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income or available-for-sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the past five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2019		2018	
		\$'000		\$'000
	-1%	+1%	-1%	+1%
Net Result	(1,459)	1,459	(1,605)	1,605
Equity	(1,459)	1,459	(1,605)	1,605

21.4.3.2 Other price risk - IGF Investment Trust

Exposure to 'other price risk' primarily arises through the investment in the IGF Investment Trust which is held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds units in the following Hour-Glass and investment trusts.

Fund	Investment sectors	Investment horizon	2019	2018
			\$'000	\$'000
IGF Investment Trust	Multi asset class	7 years and over	206,800	195,410

The unit price of each fund is equal to the total fair value of net assets held by the fund divided by the number of units on issue for that fund. Unit prices are calculated and published daily. The Authority is the only Unit holder in the IGF Investment Trust.

TCorp as trustee for the above fund is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each fund in accordance with a mandate agreed by the parties. TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass funds. A significant portion of the administration of the funds is outsourced to an external custodian.

Investments in the IGF Investment Trust facility limits the Authority's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

TCorp provides sensitivity analysis information for each of the investment funds, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95% probability). The IGF Investment Trust is designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each fund (balance from Hour-Glass statement).

Fund	Change in unit price		Impact on profit or loss	
	2019		2019	2018
	%		\$'000	\$'000
IGF Investment Trust	+/-	8%	16,544	15,633

21.5 Fair value measurement

21.5.1 Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The following table details the financial instruments, by class, where the fair value differs from the carrying amount:

	2019			
	Level 1	Level 2	Level 3	Total fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value				
Unit trusts	-	206,800	-	206,800
Total	-	206,800	-	206,800

21.5.2 Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Authority categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the Authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	2018			Total fair value \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value				
Unit trusts	-	195,410	-	195,410
Total	-	195,410	-	195,410

There were no transfers between level 1 and 2 during the periods.

The value of the IGF Investment Trust is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the IGF Investment Trust facilities are valued using 'redemption' pricing.

22. Related Party Disclosures

The Authority's key management personnel compensation are as follows:

	2019 \$'000	2018 \$'000
Short-term employee benefits:		
Salaries	969	842
Superannuation	54	14
Total remuneration	1,024	856

The Authority did not enter into transactions on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof. The Authority entered into transactions with other entities that are controlled/jointly controlled and/or significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Authority's sale of goods / rendering of services / receiving of services.

The Authority's transactions with NSW Government entities are as follows:

	2019 \$'000	2018 \$'000
Income		
Department of Finance, Services and Innovation	13,282	5,192
Icare	-	1,440
Ambulance Service of NSW	-	3,768
Legal Aid of New South Wales	-	52
NSW Ministry of Health	1,319	-
Expenditure		
NSW Ministry of Health	118,897	115,954
Ambulance Service of NSW	39,452	43,977
Roads and Maritime Service	4,950	3,944
Department of Finance, Services and Innovation	78,531	36,923
Service NSW	8,213	1,172
icare	5,807	5,163
Crown Solicitor's Office	199	296
Northern Sydney Local Health District	675	993
State Records of NSW	117	140
Transport NSW	2,311	2,239
NSW Treasury	1,025	1,861

23. Transfer payments

Sections 214 of the *Motor Accidents Compensation Act 1999* (1999 Act) and 10.16 of the *Motor Accident Injuries Act 2017* (2017 Act) define the Fund levy contribution required from persons to whom CTP policies are issued and the amounts to be contributed to the relevant funds (SIRA Fund, Motor Accident injuries Treatment and Care Benefits Fund and Lifetime Care and Support Authority General Fund). Sections 214A of the 1999 Act and 10.17 of the 2017 Act direct that the total Fund levy amounts collected by insurers are to be paid to the Authority.

The Fund levy is made up of three separate components of which two components are subsequently transferred to the Lifetime Care and Support Authority as it is the eligible beneficiary:

- (a) the SIRA Fund component, as determined under section 10.13 (d) of the 2017 Act, which is managed and controlled by SIRA.
- (b) the Motor Accident Injuries Treatment and Care Benefits (MAITC) Fund component, as determined under section 10.15 (d) of the 2017 Act, which is managed and controlled by the Lifetime Care and Support Authority (LCSA).
- (c) The LCSA General Fund component, determined under section 49 of the *Motor Accidents (Lifetime Care and Support) Act 2006*, which is managed and controlled by the LCSA.

The MAITC component and LCSA component received during the reporting period were:

	2019	2018
	\$'000	\$'000
MAITC Fund Component	60,718	28,074
LCSA General Fund Component	461,483	225,669

24. Administered Assets and Liabilities

After the Motor Accidents Injuries Act 2017 commenced on 1 December 2017, the Authority commenced a Refund programme for NSW vehicle owners to refund excess premiums paid under the old scheme. Most vehicles with a registration effective prior to 1 December 2017 are entitled to a refund on the component of the premium falling after this date. The insurers are responsible for identifying all eligible policyholders and calculating the gross refunds and funding the refund.

Service NSW manages the refund process for most vehicle owners. The refund amounts were provided by the Insurers and are being held in trust by the Authority, with lump sums transferred from the Authority to Service NSW as the claims for the Refund are processed and made available to customers. The Refund programme has been extended and will continue until 30 September 2019.

As at 30 June 2019 the following amounts are still to be claimed.

	2019	2018
	\$'000	\$'000
Administered Assets		
Cash at Bank	30,438	94,040
Administered Liabilities		
Payables - CTP Refunds	30,438	94,040

25. After Balance Date Events

The Authority is not aware of any circumstances that occurred after balance date that would render particulars included in the financial statements to be misleading.

End of audited financial statements

Budget outline 2019-20

Budget 2019-20	
\$'000	
Expenses excluding losses	
Operating expenses -	
Employee related	4,517
Personnel services expenses	51,840
Other operating expenses	518,197
Grants and subsidies	12,605
Depreciation and amortisation	8,241
Finance costs	577
Other expenses	(1,829)
Total expenses excluding losses	594,149
Revenue	
Sales of goods and services	7,280
Grants and contributions	3,625
Investment revenue	8,076
Retained taxes, fees and fines	547,432
Other revenue	640
Total revenue	567,052
Other gains/(losses)	(520)
Net result	(27,617)

Appendices

Appendix 1: Legislation

Principal legislation under which statutory body operates

The following legislation was allocated to the Minister for Finance, Services and Property in 2018-19:

- *Associated General Contractors Insurance Company Limited Act 1980*
- *Bishopsgate Insurance Australia Limited Act 1983*
- *Home Building Act 1989 (Parts 6, 6B and 6C)*
- *Motor Accident Injuries Act 2017*
- *Motor Accidents Act 1988*
- *Motor Accidents Compensation Act 1999*
- *Motor Vehicles (Third Party Insurance) Act 1942*
- *State Insurance and Care Governance Act 2015 (except parts, the Treasurer)*
- *Workers Compensation Act 1987 (except Part 4 and Division 1A of Part 7, the Treasurer)*
- *Workplace Injury Management and Workers Compensation Act 1998 (except parts, the Attorney General).*

Changes in Acts and subordinate legislation

Amending legislation

- *Workers Compensation Legislation Amendment Act 2018*
- *Workers Compensation Legislation Amendment (Firefighters) Act 2018.*

Amending subordinate legislation

- *Motor Accident Injuries Amendment Regulation 2019*
- *Motor Accident Injuries Amendment (Indexation) Regulation 2018*
- *Motor Accident Injuries (Indexation) Amendment (Weekly Statutory Benefits) Order 2019*
- *Motor Accidents (Determination of Non-Economic Loss) Amendment Order 2018*
- *Motor Accidents Compensation (Determination of Loss) Amendment Order 2018*
- *Motor Accident Injuries (Indexation) Amendment Order 2018*
- *Workers Compensation Amendment Regulation 2018*
- *Workers Compensation Amendment (Latest Index No.) Regulation (No 2) 2018*
- *Workers Compensation (Indexation of Amounts) Amendment Order (No 3) 2018*
- *Workers Compensation (Indexation) Amendment Order 2019.*

Significant judicial decisions

RSM Building Services Pty Ltd v Hochbaum [2019] NSWCCPD 15

SIRA intervened in this matter at the Presidential appeal stage, relying on its power under section 106 of the *Workplace Injury Management and Workers Compensation Act 1998*.

Mr Hochbaum's entitlement to weekly payments ceased from December 2017 as he had not been assessed as having a permanent impairment of more than 20 per cent and had reached the 260-week cap on weekly payments under section 39 of the *Workers Compensation Act 1987*. Mr Hochbaum commenced proceedings in the Workers Compensation Commission disputing the insurer's assessment of permanent impairment. The Approved Medical Specialist issued a Medical Assessment Certificate (MAC) that assessed Mr Hochbaum as having 21 per cent permanent impairment and the insurer reinstated weekly payments. Mr Hochbaum sought payment for the 'gap period' being 26 December 2017 (date weekly payments ceased) to 15 July 2018 (the date of the MAC). The insurer declined to pay on the basis that Mr Hochbaum had no entitlement during that period as he had not yet been assessed at more than 20 per cent permanent impairment.

Mr Hochbaum appealed this decision. At first instance, the Senior Arbitrator found Mr Hochbaum was entitled to receive weekly payments in relation to the 'gap period'. On appeal, the President found that there was no entitlement to weekly compensation payments during the 'gap period' where permanent impairment had not yet been assessed as more than 20 per cent.

Pacific National v Baldacchino [2018] NSWCA 281

On 23 November 2018, the NSW Court of Appeal dismissed an appeal against a decision of a Deputy President of the Workers Compensation Commission that knee replacement surgery constituted the provision of an 'artificial aid' under section 59A(6)(a) of the *Workers Compensation Act 1987*. As an artificial aid, the provision of knee replacement surgery was exempt from the time limits for the payment of compensation for medical expenses under section 59A(1). SIRA intervened under section 106 of the *Workplace Injury Management and Workers Compensation Act 1998* in the proceedings before the Workers Compensation Commission and filed a submitting appearance in the Court of Appeal proceedings.

The NSW Court of Appeal rejected the employer's argument that an artificial aid must be 'complete in itself', the Court of Appeal considered that the 'provision of' the artificial aid in the form of a knee replacement required surgery, therefore the surgery was covered by section 59A(6)(a). The Court of Appeal made clear that surgery may not always be covered, and each case will turn on its facts.

Appendix 2: Policy attestations


Cyber security

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for the State Insurance Regulatory Authority.

I, Carmel Donnelly, Chief Executive of the State Insurance Regulatory Authority, am of the opinion that the State Insurance Regulatory Authority have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of State Insurance Regulatory Authority have been assessed and a risk mitigation plan being implemented. Governance is in place to manage the cyber security maturity of State Insurance Regulatory Authority.

An independent review of the effectiveness of the State Insurance Regulatory Authority's controls against the mandatory requirements of the NSW Cyber Security Policy was undertaken by Centium Pty Ltd and found to be properly addressed in a timely manner.



Approved

Carmel Donnelly, Chief Executive Officer
State Insurance Regulatory Authority (SIRA)

12 / 8 / 2019

Internal audit and risk management

Internal audit and risk management attestation statement

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for State Insurance Regulatory Authority

I, Carmel Donnelly, Chief Executive, am of the opinion that the State Insurance Regulatory Authority (SIRA) has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Dr Abby Bloom, Independent Chair, from 19 February 2019 to 18 February 2022
- Nancy Milne OAM, Independent Member, from 19 February 2019 to 18 February 2022
- Trevor Matthews, Independent Member, 19 April 2019 – 18 April 2022
- Graeme Innes, Independent Member, from 13 September 2017 to 12 September 2020



Carmel Donnelly, Chief Executive
State Insurance Regulatory Authority (SIRA)

Date:

Agency Contact Officer
Matt Smith
Risk Manager, 9219 3772
matthew.smith@customerservice.nsw.gov.au

Risk management

SIRA adheres to the Department of Finance, Services and Innovation (DFSI) Integrated Risk and Opportunity Management Policy and the DFSI Risk and Resilience Policy and Framework, which align with ISO 31000:2009 risk management.

SIRA has implemented a risk management process that identifies operational and strategic risks and assigns executive risk owners to those risks. Risk are evaluated, and treatment strategies identified and implemented.

SIRA develops risk management in line with the DFSI approach, focusing on risks to injured people, scheme viability and corporate compliance. Regular reporting of risk management activities is made to the SIRA Audit and Risk Committee and SIRA Board

Insurance activity

Table A: Number of claims

	2015-16	2016-17	2017-18	2018-19
Workers compensation	2	5	5	3
Motor vehicle	-	-	2	1
Property	-	-	-	-
Liability	-	3	-	-
Miscellaneous	-	-	-	-
Total	2	8	7	4

Table B: Net incurred claims cost

	2015-16	2016-17	2017-18	2018-19
Workers compensation	\$82,498.78	\$188,079.68	\$65,313.43	\$19,618.96
Motor vehicle	-	-	\$5,037.00	\$3,774.00
Property	-	-	-	-
Liability	-	\$49,300.00	-	-
Miscellaneous	-	-	-	-
Total	\$82,498.78	\$237,379.68	\$70,350.43	\$23,392.96

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

State Insurance Regulatory Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of State Insurance Regulatory Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | t: 02 9275 7101 | f: 02 9275 7179 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Other Information

The Authority's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the PF&A Act Statement given by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

Appendix 3: Ministerial directions

The Minister for Finance, Services and Property issued no Ministerial directions under section 20 of the *State Insurance and Care Governance Act 2015* in 2018-19.

Appendix 4: Numbers and remuneration of senior executives

Number of senior executives

Band	2016-17 ^{30,31,32}		2017-18 ^{39,40,41}		2018-19 ^{39,40,41}	
	Female	Male	Female	Male	Female	Male
Band 1 (Director)	6	5	8	5	8	6
Band 2 (Executive Director)	1 ³³	3	1	2	2	2
Band 3 (Deputy Secretary)	-	-	1	-	1	-
Total	7	8	10	7	11	8
	15		17		19	

Remuneration of senior executives

Band	2016-17 ³⁴		2017-18 ⁴³		2018-19 ⁴³	
	Salary range (\$)	Average remuneration	Salary range (\$)	Average remuneration	Salary range (\$)	Average remuneration
Band 1 (Director)	\$178,850 to \$255,050	\$163,333	\$183,300 to \$261,450	\$207,949	\$187,900 to \$268,000	\$232,057
Band 2 (Executive Director)	\$255,051 to \$320,900	\$242,921	\$261,451 to \$328,900	\$285,496	\$268,001 to \$337,100	\$289,311
Band 3 (Deputy Secretary)	\$320,901 to \$452,250	-	\$328,901 to \$463,550	\$390,000	\$337,101 to \$475,150	\$409,750

³⁰ Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

³¹ Statistics are based on Workforce Profile census data as at 29 June 2017, 28 June 2018 and 27 June 2019.

³² All employees reported in 2017, 2018 and 2019 are appointed under the Government Sector Employment Act. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

³³ Incorrect representation of female senior executive in 2016-17 report and should have been placed in the Band 3 category.

³⁴ Salary ranges effective at the Workforce Profile census dates of 29 June 2017, 28 June 2018 and 27 June 2019.

Appendix 5: Obligations under Government Information (Public Access) Act 2009

Access to government information

Review of proactive release program

The *Government Information (Public Access) Act 2009* (GIPA Act) provides an open and transparent process for giving the public access to government information held by NSW public sector agencies, and to encourage the proactive public release of government information.

The State Insurance Regulatory Authority (SIRA) primarily uses its website to release information that is considered to be in the public interest, including forms, publications, codes, guides, manuals and policies, as well as regular scheme performance reports.

SIRA uses social media outlets, including Facebook and LinkedIn, to increase awareness of public consultations and guidance information and resources.

Information that has been proactively released throughout 2018-19 includes:

- HBC (Home Building Compensation) Check
- Independent actuarial reports on Compulsory Third Party (CTP) premium parameters
- Report on the SIRA Review of Nominal Insurer liability valuations
- Workers compensation insurer data reporting requirements
- Dust diseases contributions 2019-2020
- SIRA Annual Report 2017-2018
- Standards of practice
- Workers compensation monthly reports from April 2018 to December 2018
- Green Slip scheme quarterly insights - September 2018
- Green Slip scheme quarterly insights - December 2018
- CTP scheme performance - interim report 2018
- Monthly SIRA Board communiques
- NSW Supplement to the Guide: Nationally consistent approval framework for workplace rehabilitation providers
- Workers compensation medical dispute assessment guidelines
- Home building compensation (contribution) AIP (alternative indemnity product) guidelines.

Formal access applications

A total of 10 formal access applications were received during the 2018-19 financial year. This includes withdrawn applications and excludes invalid applications.

A detailed analysis of the formal access applications received throughout 2018-19 is included in Table A to Table I.

Table A: Number of applications by type of applicant and outcome³⁵

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total
Media	2	1	1	0	0	0	0	0	4
Members of Parliament	0	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	1	0	0	0	0	0	0	1	2
Members of the public (other)	1	0	1	1	0	1	0	0	4
Total	4	1	2	1	0	1	0	1	10

³⁵ More than one decision can be made in respect of a single access application. If so, a recording must be made in relation to each such decision.

Table B: Number of applications by type of application and outcome³⁶

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total
Personal information applications ³⁷	0	0	0	1	0	0	0	0	1
Access applications (other than personal information applications)	2	1	1	0	0	1	0	1	6
Access applications that are partly personal information applications and partly other	2	0	0	0	0	1	0	0	3
Total	4	1	1	1	0	2	0	1	10

³⁶ More than one decision can be made in respect of a single access application. If so, a recording must be made in relation to each such decision.

³⁷ A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the GIPA Act)	4
Application is for excluded information of the agency (section 43 of the GIPA Act)	0
Application contravenes restraint order (section 110 of the GIPA Act)	0
Total number of invalid applications received	4
Invalid applications that subsequently became valid applications	2

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the GIPA Act

	Number of times consideration used ³⁸
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information ³⁹	1
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

³⁸ More than one public interest consideration may apply in relation to a single access application and, if so, each such consideration is to be recorded (but only once per application).

³⁹ Excluded information includes excluded from Agency only (not excluded due to being held by Nominal Insurer).

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the GIPA Act

	Number of applications⁴⁰
Responsible and effective government	2
Law enforcement and security	0
Individual rights, judicial processes and natural justice	3
Business interests of agencies and other persons	1
Environment, culture, economy and general matters	0
Secrecy provisions	2
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	10
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	10

Table G: Number of applications reviewed under Part 5 of the GIPA Act by type of review and outcome

	Decision varied	Decision upheld	Total
Internal review	0	1	0
Review by Information Commissioner ⁴¹	1	0	0
Internal review following recommendation under section 93 of GIPA Act	0	0	0
Review by NCAT	0	0	0
Total	1	1	2

⁴⁰ More than one public interest consideration may apply in relation to a single access application and, if so, each such consideration is to be recorded (but only once per application).

⁴¹ The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the GIPA Act by type of applicant

	Number of applications for review
Applications by access applicants	2
Applications by persons to whom information the subject of access applications relates (see section 54 of the GIPA Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the GIPA Act by type of transfer

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Appendix 6: Privacy and personal information

Privacy laws

SIRA takes the privacy of the citizens of NSW and of its employees seriously and has mechanisms to protect personal information held or accessed by SIRA or its authorised representatives.

In 2018-19, SIRA reviewed and updated its Privacy Management Plan. The Privacy Management Plan demonstrates how SIRA meets its privacy obligations under the *Privacy and Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002*, and how it upholds and respects the privacy of its customers, employees and others about whom it holds personal information.

Privacy applications

In 2018-19, SIRA received zero applications for an internal review of conduct relating to the use, access or disclosure of personal information.

Appendix 7: Response to significant matters raised in the outgoing audit report

There were no significant matters raised in the outgoing audit report.

Appendix 8: Accounts payable performance 2018-19

Yearly data

Description	Number / percentage	Value (\$'000)
Goods and services payments within 30 days	5803	176,719
Goods and services payments exceeding 30 days	1078	154,578
Total goods and services payments	6881	331,297
Percentage exceeding 30 days	16%	47%
Small business payments within 30 days	38	37
Small business payments exceeding 30 days	7	5
Small business total payments	45	42
Small business percentage exceeding 30 days	16%	12%

Quarterly data

Description	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	No.	Value (\$'000)	No.	Value (\$'000)	No.	Value (\$'000)	No.	Value (\$'000)
Goods and services payments within 30 days	4,378	50,392	372	5,890	383	45,428	670	75,009
Goods and services payments exceeding 30 days	2	12	235	16,234	340	86,243	501	52,089
Total goods and services payments	4,380	50,404	607	22,124	723	131,671	1,171	127,098
Percentage exceeding 30 days	0%	0%	39%	73%	47%	65%	43%	41%
Small business payments within 30 days	29	23	3	5	-	-	6	9
Small business payments exceeding 30 days	-	-	1	2	-	-	6	3
Small business total payments	29	23	4	7	-	-	12	12
Small business percentage exceeding 30 days	0%	0%	25%	30%			50%	27%

Appendix 9: Overseas travel

There was no overseas travel in 2018-19.

Appendix 10: Consultants

A consultant is an individual, or organisation, engaged to provide recommendations or high-level specialist or professional advice to assist in the decision-making by management. Their role is advisory in nature.

Vendor	Description	Total
EY	Actuarial services – Motor Accidents Insurance Regulation (MAIR)	\$5,095,049
EY	Actuarial services – Workers Compensation Regulation (WCR)	\$1,109,237
Taylor Fry Consulting	Actuarial services – MAIR	\$1,007,576
Taylor Fry Consulting	Actuarial services – Home Building Compensation Regulation	\$364,022
Taylor Fry Consulting	Actuarial services – WCR	\$253,876
Taylor Fry Consulting	Actuarial services – Insurer Guarantee Fund	\$51,000
ADIIS Group	Independent review – MAIR	\$81,447
Total greater than \$50,000		\$7,962,207
Plus 11 Consultants less than \$50,000		
	Actuarial services & legal advisory services	\$158,880
Total consultants		\$8,121,087

Appendix 11: Land disposal

SIRA did not dispose of any property in 2018-19.

Appendix 12: Board composition and meetings

Composition of the Board

The SIRA Board comprises seven members who have extensive professional experience both within Australia and internationally, including:

- the Chief Executive of SIRA
- the Secretary of the Department of Finance, Services and Innovation (DFSI) or a person nominated by the Secretary
- up to five other members appointed by the Minister (the appointed members).

The Board is established under section 18 of the *State Insurance and Care Governance Act 2015*.

Member	Member type	Current term	Previous term
Mr Trevor Matthews	Appointed member and Chairperson	16 November 2018 – 15 November 2021	16 November 2015 – 15 November 2018
Ms Nancy Milne OAM	Appointed member and Deputy Chairperson	16 November 2018 – 15 November 2021	16 November 2015 – 15 November 2018
Dr Abby Bloom	Appointed member	16 November 2018 – 15 November 2020	16 November 2015 – 15 November 2018
Dr Graeme Innes AM	Nominee of the Secretary, DFSI	16 November 2018 – 15 November 2021 (Ex-officio)	1 November 2016 – 15 November 2018 (Ex-officio)
The Hon Greg Keating	Appointed member	7 December 2018 – 15 November 2021	Not applicable
Mr Rod Stowe PSM	Appointed member	16 November 2018 – 15 November 2020	Not applicable
Ms Carmel Donnelly	Chief Executive of SIRA	Ex-officio capacity during SIRA Chief Executive tenure	Ex-officio capacity during SIRA Chief Executive tenure

During 2018-19, the Minister reappointed Mr Matthews, Ms Milne and Dr Bloom to the Board for a second term. Dr Innes was reappointed as the Secretary's nominee for a second term at that time. The Minister appointed two new members to the Board in 2018-19, Mr Keating and Mr Stowe.

Meetings

The SIRA Board met 11 times in 2018-19, with meetings held on the following dates:

1. 27 July 2018
2. 23 August 2018
3. 27 September 2018
4. 26 October 2018
5. 22 November 2018
6. 12 December 2018
7. 21 February 2019
8. 29 March 2019
9. 29 April 2019
10. 24 May 2019
11. 28 June 2019

Attendance

Meeting attendance was as follows:

- Mr Matthews, Ms Milne and Dr Bloom attended all 11 meetings
- Dr Innes attended 10 meetings
- Mr Stowe attended seven meetings since joining the SIRA Board in November 2018
- Mr Keating attending six meetings since joining the SIRA Board in December 2018
- Ms Donnelly attended all 11 meetings in an ex-officio capacity as SIRA Chief Executive.

Appendix 13: Research funding

Research – Insights for optimal customer health outcomes

In 2018-19, SIRA continued a program of research to inform and support evidence-based improvements in road safety, work injury prevention, recovery from injury, return to work, and personal injury compensation scheme design.

This included strategic partnerships with the John Walsh Centre for Rehabilitation Research and key agencies, including Transport for NSW's Centre for Road Safety, SafeWork NSW and its Centre for Work Health and Safety, NSW Health's Agency for Clinical Innovation and Insurance and Care NSW.

Key activities include:

- support for the NSW Health Institute of Injury and Trauma Management to commence the implementation of the NSW Trauma Outcomes Registry and Quality Evaluation (TORQUE). The purpose of the registry is to improve the measurement of patient health outcomes after trauma. The TORQUE will improve the collection of a range of quality and patient reported outcome measures in the first year after hospital discharge. This will lead to improved service quality and health outcomes for the most severely injured workers and road users in NSW.
- the Clinical guideline for the diagnosis and management of work-related mental health conditions in general practice (the Clinical guideline) were released following endorsement by the National Health and Medical Research Council. The Clinical guideline provides much needed information for general practitioners to assist injured workers in their recovery, leading to improve work and health related outcomes. The project was led by Monash University in collaboration with patient and consumer groups, relevant health professionals and regulators of personal injury schemes.
- in collaboration with the NSW Centre for Road Safety, SIRA commenced an implementation project to disseminate the Road Safety and Your Work guide. The Road Safety and Your Work guide provides workplaces with practical information about key road safety issues, risks and ways to help employers and employees stay safe on the road. This project brings together the strategic objectives of SIRA and Centre for Road Safety to reduce road fatalities and serious injuries and ensure sustainable and affordable personal injury schemes in NSW.

Research and education programs funded from the Motor Accidents Operating Fund expended in 2018-19

Allocated funds may be subject to adjustment in some instances.

Recipient	Details	Nature	Amount
Agency for Clinical Innovation	NSW Trauma Outcomes Registry and Quality Evaluation (TORQUE) project will improve the utilisation of a range of quality and patient reported outcomes for motor accident patients	Research	\$531,994
University of Sydney	An observational study of the development of a psychological injury after a motor vehicle accident	Research	\$13,341
St Vincent's Hospital	Study targeting people unable to access face-to-face rehabilitation and allied health services. Patients receive a phone consultation with a rehabilitation physician	Research	\$33,032
University of Sydney	Evaluation of a 'fast-track recovery' to facilitate recovery and to minimise the risk of prolonged disability for injured people with mild-moderate injuries	Research	\$15,910
University of Sydney	Surveillance Study of mild traumatic brain injury in emergency departments. This study involves electronic and clinical record searching to identify patients who receive an mTBI clinical diagnosis	Research	\$50,137
Transport for NSW	A component of the Safer Drivers Course targeting speed management, hazard awareness and other driving risks	Research	\$300,000
Transport for NSW	The development of road safety educational resources for high school teachers and students	Research	\$250,000
Transport for NSW	Project targeting disadvantaged people who face barriers entering the licencing system	Research	\$300,000
Transport for NSW	Road safety data linkage program (data linkage project management, linkage costs)	Research	\$200,000
Transport for NSW	Motor cycle safety campaign aims to improve the understanding of risk factors and influence key riding and driving	Education	\$400,000
Transport for NSW	Pedestrian safety campaign that aims to reduce risky or non-compliant behaviour by road users when crossing or on the road	Education	\$400,000
Transport for NSW	Project to conduct data cleaning and analysis of naturalistic driving study data to answer specific research questions	Research	\$56,000
Transport NSW	Project to determine Motorcycle clothing protection and thermal comfort ratings	Research	\$100,000

Recipient	Details	Nature	Amount
Northern Sydney Local Health District	John Walsh Centre for Rehabilitation Research will develop an interdisciplinary centre of academic excellence in injury-related disability, rehabilitation and the impact of compensation on recovery	Research	\$565,283
Northern Sydney Local Health District	John Walsh Centre for Rehabilitation Research forum and workshop 2018	Education	\$1,696
Australian Road Research Board	National Road Safety Partnership Program	Education	\$61,690
Transport for NSW	Vehicles as workplaces study	Research	\$67,500
University of Queensland	Whiplash research project	Research	\$73,500
Sydney Local Health District	Translation of emerging evidence to improve acute management of road trauma patients	Research	\$36,363
University of Sydney	Facilitation of acute pain management session	Education	\$10,000
Macquarie University	Evaluation of post-injury claims for sample of patients injured in a motor vehicle accident	Research	\$29,100
Australian Prudential Regulation Authority (APRA)	Keynote sponsor of APRA awards	Education	\$7,500
Total			\$3,503,046

Research programs and education funded from the Workers Compensation Operational Fund expended in 2018-19

Recipient	Details	Nature	Amount
Monash University	Longitudinal study of health and social outcomes of NSW cohorts with cessation of workers compensation benefits	Research	\$121,343
PHOENIX Australia Centre for Posttraumatic Mental Health	Development of a wellbeing and recovery framework to support the emotional recovery needs of people involved in compensation schemes	Research	\$14,842
Ingham Institute	Project to implement an audit of elective (non-traumatic) spine surgery within the workers' compensation system in NSW	Research	\$56,082
Monash University	A study to develop Mental Health clinical guidelines to help GPs improve their management of patients with work related mental health conditions	Research	\$50,000
Monash University	Recovery at Work Tools rapid review to inform SIRA's support of the NSW Mentally Healthy Workplaces Strategy 2018-2022	Research	\$23,968
Centre for Work Health and Safety (SafeWork NSW)	Project to improve evidence informed regulation of workplace safety in NSW	Research	\$52,800
Centre for Work Health and Safety (SafeWork NSW)	A comparative analysis of SafeWork NSW current stakeholder engagement model against best practice	Research	\$31,900
Centre for Work Health and Safety (SafeWork NSW)	Project to better understand the health of NSW truck drivers	Research	\$80,850
Centre for Work Health and Safety (SafeWork NSW)	An evaluation of the impact of a small business tool of work health and safety compliance	Research	\$145,658
Centre for Work Health and Safety (SafeWork NSW)	An investigation of crane-related incidents and how to better understand causes and prevention of these incidents in NSW	Research	\$111,421
Centre for Work Health and Safety (SafeWork NSW)	The project seeks to understand what causes or contributes to serious electrical incidents across industries in NSW	Research	\$74,982

Recipient	Details	Nature	Amount
Centre for Work Health and Safety (SafeWork NSW)	Project to determine how safety culture is driving machine safety practices	Research	\$101,642
Centre for Work Health and Safety (SafeWork NSW)	A project to review the handling of patients with Musculoskeletal disorders	Research	\$50,171
Centre for Work Health and Safety (SafeWork NSW)	Project to assess the delivery of e-mental health services to remote and rural farming communities	Research	\$91,216
University of NSW	Project to better understand how transport companies manage queuing and waiting for loading/unloading and whether the methods are effective for drivers	Research	\$45,000
Total			\$1,051,875

Total grants for 2018-19	Amount
Total Motor Accidents Operational Fund	\$3,503,046
Total Workers Compensation Operational Fund	\$1,051,875
Total	\$4,554,921

Appendix 14: Statement as required by the *Carers (Recognition) Act 2010*

SIRA's role as a human service agency

The State Insurance Regulatory Authority (SIRA) provides services for carers and people being cared for by carers. SIRA's services include information and advice about injury compensation and rehabilitation and dispute resolution services for people injured in motor vehicle or workplace accidents. This includes people who have acquired disability, their families and carers. As a result, SIRA meets the definition of a human service agency under the *Carers (Recognition) Act 2010*.

Under section 8 of the *Carers (Recognition) Act 2010*, a human service agency must take all reasonable steps to ensure that the agency, and the members of staff and agents of the agency, take action to reflect the principles of the NSW Carers Charter. A human service agency must prepare a report on its compliance with the *Carers (Recognition) Act 2010* in each reporting period. The report must be included in the agency's annual report for the reporting period.

SIRA recognises the valuable social and economic contribution that carers make to the community.

As SIRA reviews and updates its guidelines and public information, SIRA is working to recognise the unique knowledge and experience of carers and to ensure the relationship between carers and the people they care for is respected.

In stewarding injury insurance systems and providing advice to Government, SIRA takes the view that the health, wellbeing and community participation of carers should be supported so that carers can balance their caring role with other roles, such as work and education.

As an employer, regulator and service provider, SIRA is committed to being an inclusive organisation that is welcoming and supportive of diversity.

Reflecting the principles of the NSW Carers Charter

SIRA ensures its organisation and work reflect the principles of the NSW Carers Charter by:

- seeking feedback from carers' associations when developing guidelines or principles for the insurers SIRA regulates related to treatment and care for injured people
- providing customer services that recognise that the customer may be the injured person's carer
- supporting flexible work arrangements and providing specific carer and family support programs
- maintaining support for a carers employee resource group and having carers as a focus of our internal Diversity Advisory Council.

Appendix 15: Publication notes and external production costs

Download a copy of this Annual Report from opengov.nsw.gov.au.

The total estimated cost of professional photography for inclusion in the Annual Report 2018-19 is \$490 (excluding GST).

Acronyms

AASB	Australian Accounting Standards Board
CARS	Claims Assessment and Resolution Service
CTP	Compulsory Third Party
CES	Customer Effort Score
DFSI	Department of Finance, Services and Innovation
DRS	Dispute Resolution Services
ERG	Employee Resource Groups
GPs	General practitioners
GIPA	Government Information (Public Access)
RTW Guidelines	Guidelines for workplace return to work programs
HBC	Home Building Compensation
ILARS	Independent Legal Aid Referral Service
icare	Insurance and Care NSW
IGF	Insurers' Guarantee Fund
LCSA	Lifetime Care and Support Authority
MAC	Medical Assessment Certificate
MAS	Medical Assessment Service
MAIR	Motor Accidents Insurance Regulation
MAITC	Motor Accidents Injuries Treatment and Care Benefits
NPS	Net Promoter Score
NDF	Nominal Defendant Fund
REM	Risk equalisation mechanism
SIRA	State Insurance Regulatory Authority
TCorp	NSW Treasury Corporation
TEPL	Transitional Excessive Profits or Losses
TMF	Treasury Managed Fund
WHS 2011	Work Health and Safety Act 2011
WHSWC Strategy	Work health and safety and workers compensation small business strategy 2017-19
WC Commission	Workers Compensation Commission
WIRO	Workers Compensation Independent Review Office

Disclaimer

This publication may contain information that relates to the regulation of workers compensation insurance, motor accident third party (CTP) insurance and home building compensation in NSW. It may include details of some of your obligations under the various schemes that the State Insurance Regulatory Authority (SIRA) administers.

However, to ensure you comply with your legal obligations you must refer to the appropriate legislation as currently in force. Up to date legislation can be found at the NSW Legislation website legislation.nsw.gov.au

This publication does not represent a comprehensive statement of the law as it applies to particular problems or to individuals, or as a substitute for legal advice. You should seek independent legal advice if you need assistance on the application of the law to your situation.

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