

Annual Report

2017-18

State Insurance Regulatory Authority

31 October 2018

Letter to the Minister

31 October 2018

The Hon. Victor Dominello, MP
Minister for Finance, Services and Property
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 2018.

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 workers compensation insurance and related activities, motor accidents Compulsory Third Party (CTP) insurance and home building compensation insurance in NSW and as a provider of dispute resolution services.

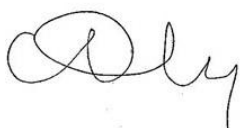
During the year SIRA led the implementation of significant reforms, including:

- the *Motor Accident Injuries Act 2017*, that commenced on 1 December 2017; and
- the *Home Building Amendment (Compensation Reform) Act 2017*, that commenced on 1 January 2018.

SIRA's dispute resolution services also finalised more than 10,000 applications, significantly more than in any recent previous year.

In the coming year we will continue to focus on improvements to health and social outcomes through enhanced service delivery, better regulation and innovative digital and data capabilities.

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.

SIRA is located within the Finance, Services and Innovation Cluster, with SIRA staff employed by the NSW Department of Finance, Services and Innovation (DFSI).

What we do

SIRA is established to regulate workers compensation insurance and related activities, motor accidents Compulsory Third Party (CTP) insurance and home building compensation insurance in NSW and provide independent dispute resolution services.

SIRA also has specific functions within the Lifetime Care and Support Scheme and the Dust Diseases Scheme.

We play a strong role in funding, promoting and informing injury prevention and reducing the need for compensation claims.

SIRA undertakes system-wide stewardship to make sure our insurance and support systems deliver confidence through affordable protection and wellbeing, through recovery and restoration.

Our purpose

SIRA advances the wellbeing and confidence of the people and businesses of NSW through sustainable insurance and support systems, so they can actively engage in the economy and society.

As a regulator, our purpose is to hold insurers and service providers accountable so that our insurance and support systems are easy to deal with, deliver protection, recovery and restoration entitlements and good outcomes at an affordable price and in a sustainable way.

We regulate so that people who may have had the worst day of their life are supported to recover, return home and move forward with the healthcare, financial and other assistance they need.

Our mission

SIRA undertakes effective regulation and system-wide stewardship so that our systems are:

- Equitable and perceived as fair
- Delivered as efficiently as they can be
- Affordable for the community
- Sustainable and viable for generations to come
- Effective in delivering scheme outcomes
- Provide positive experiences.



Our customers

Our customers include:

- motor vehicle owners and road users
- those injured in motor vehicle accidents or while working
- compulsory third party (CTP) motor accident insurance policy holders
- workers and employees
- employers
- builders and home owners who are customers of the home building compensation scheme

Our Board

The 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 our customers.

The SIRA Board is comprised of five 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).

He was previously with Aviva, most recently as Executive Director and Chairman, Developed Markets and prior to that 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 held senior roles with Manulife in

Canada and with National Australia Bank and Legal & General in Australia.

Mr Matthews is chairman of AMP Life and 1st Group Limited and a non-executive director of AMP Limited, Bupa Australia and New Zealand Group, FNZ Asia Pacific Group, Tokio Marine Asia and Edelweiss Tokio Life Insurance.

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.

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 is currently Chair of the Securities Exchange Guarantee Corporation and the State Insurance Regulatory Authority Audit and Risk Committee, a director of ALE Property Group, and a member of the Asbestos Safety and Eradication Council and the NSW Council of the Australian Institute of Company Directors.

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. She previously had a successful career as a senior executive and corporate advisor in healthcare and health financing, utilities, infrastructure, education, insurance and ageing.

She is a graduate of Yale and Sydney universities, and is Adjunct Professor, Sydney Medical School, Menzies Centre for Health Policy.

Dr Bloom is currently a director of Sydney Water Corporation and the Sydney Children's Hospital Network, as well as the State Insurance Regulatory Authority (SIRA). She is also a director of The Longevity Innovation Hub and is a member of the Advisory Boards of Griffith University Enterprise and the digital company ID Exchange.

She is an Independent Member of the Risk and Audit Committee of the NSW Department of Family and Community Services, Rookwood Cemetery and SIRA. Her previous directorships include Western Sydney Local Health District, Recover Holdings and Gymnastics NSW.

Dr Bloom has been involved as founder and advisor of numerous start-ups over more than two decades. She is respected for her insights and guidance on 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 and UNICEF. Yale University Public Health named Dr Bloom one of its 100 top leaders 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. In 2015, he was awarded an honorary doctorate from the University of Canberra and appointed as an adjunct professor at the University of Sydney.



Carmel Donnelly

Board member and SIRA Chief Executive

Ms Donnelly was confirmed as the SIRA Chief Executive in December 2017 after acting in the position since March 2017. She has also been a Board member in an ex-officio capacity since March 2017.

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) from Sydney University. 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 has extensive experience as a senior executive in NSW Government. Her previous roles include leading regulation of workers compensation and home building compensation as an Executive Director in SIRA, General Manager, Strategy and Performance for the Safety, Return to Work and Support agencies in NSW, General Manager and Deputy General Manager at 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 is the NSW Member of Safe Work Australia and is also a Member of the Board of the Personal Injury Education Foundation.

Related Information

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

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

Message from the Chair

SIRA continued to establish itself as a strong and effective regulator of the NSW statutory insurance schemes during its second complete financial year.

At the beginning of the year the Board approved the SIRA Strategic Plan 2017-2018, which sets out the key focus areas for delivery.

The Board was pleased to welcome the appointment of Ms Carmel Donnelly as Chief Executive of SIRA in December 2017. I also made several other key senior leadership announcements at that time, with Dr Rhys Bollen formally appointed as Executive Director, Workers and Home Building Compensation Regulation, and Ms Mary Maini commencing in early December 2017 as SIRA's new Executive Director, Motor Accidents Insurance Regulation. Mary replaced Mr Andrew Nicholls who moved to a new role in the NSW Public Sector. I would like to thank and acknowledge Mr Nicholls for his outstanding contribution to SIRA and preceding organisations.

Implemented reform of statutory insurance systems

SIRA led the implementation of landmark reforms with the commencement of the new Compulsory Third Party (CTP) scheme on 1 December 2017. The introduction of the new innovative CTP scheme was the culmination of significant collaboration and stakeholder consultation. As a result of the reforms, we have seen a reduction in the state-wide average cost of Green Slip annual premiums by more than \$120.

I was also pleased to announce the establishment of the CTP Premium Committee. This expert committee advises the Board on the reasonableness and adequacy of provisions of the Motor Accident Guidelines relating to premium matters.

SIRA launched the new Home Building Compensation (HBC) Scheme on 1 January 2018. The improvements to the scheme complement other NSW Government reforms designed to promote a strong building industry and should result in a sustainable scheme that continues to offer important protection to homeowners.

The Board also considered and contributed to the development of the Government's reforms to NSW workers compensation dispute resolution arrangements.

Throughout the year the Board closely monitored the implementation of SIRA's strategy relating to section 39 of the *Workers Compensation Act 1987* – facilitating benefit pathways, access to a range of support programs and services and return to work assistance for those claimants coming off weekly benefits in certain circumstances after five years. SIRA maintained a strong focus on cross-agency collaboration to promote effective transition processes for the affected claimants.

Continued focus on customer experience

We continued to have a strong customer focus for policyholders and claimants. This year we introduced a new Green Slip Check, for the new CTP scheme, the online HBC check, enabling home owners and other members of the public to check whether building work done at a particular address is covered by the HBC scheme, an online claims submission system and an online dispute resolution portal.

Special Thanks

I would like to acknowledge and thank all SIRA employees and also my fellow Board members for their hard work and dedication throughout what has been a year of significant change and reform.

The Board looks forward to another industrious year working closely with the SIRA Executive and broader team and is committed to improving the outcomes and experience of the people of NSW who are customers or claimants of the compulsory insurance schemes regulated by SIRA.

A handwritten signature in black ink, appearing to read 'Trevor Matthews', written in a cursive style.

Trevor Matthews
Chair, SIRA Board

Our structure in 2017-18

SIRA BOARD
Chief Executive, SIRA
Motor Accidents Insurance Regulation
Workers & Home Building Compensation Regulation
Dispute Resolution Services
Strategy & Governance

Regulation Divisions

SIRA has two business unit divisions that are responsible for scheme regulation, the Motor Accidents Insurance Regulation division and the Workers and Home Building Compensation Regulation division, both headed by an Executive Director who is the lead for regulation of specific schemes.

There are some business units that provide functions for all schemes.

Dispute Resolution Services Division

The Dispute Resolution Services division hosts independent decision makers and delivers dispute resolution support services to injured people and insurers, principally in motor accident and CTP schemes.

Strategy and Governance Unit

The Strategy and Governance Unit is responsible for leading and directing the provision of high quality strategic leadership and management services to the Executive and SIRA Board to support and contribute to the achievement of key organisational priorities and effective management of strategic and operational risk.

Office of the Chief Executive

The Office of the Chief Executive coordinates direct support services to the Chief Executive and is the primary point of contact, managing the flow of information to the Chief Executive.

Chief Executive's foreword

Our achievements over the past 12 months include implementing the *Motor Accident Injuries Act 2017* and changes to the Home Building Compensation scheme.

We continued to improve services to citizens and customers and access to information. We expanded both our digital services and the range of information in other languages available to the diverse NSW community that we serve.

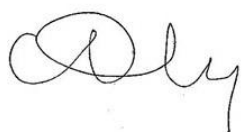
Our new range of innovative digital tools have been designed to make it simpler for people to access the information they need, when they need it. These tools have been developed through consultation with a broad range of stakeholders including peak bodies representing customers and citizens, insurers and other service providers, expert professionals, community and industry groups. The new tools include the Green Slip Check and Home Building Check and online portals for making CTP claims or lodging a dispute.

We also undertook public consultation and intensive stakeholder engagement in 2017-18 to develop and implement new guidelines to hold insurers accountable, including the workers compensation Self Insurer Licence Framework and the Motor Accidents Guidelines.

During the year SIRA steadily increased the amount and frequency of our reporting to the public on performance of the schemes we regulate. This is the product of significant work behind the scenes to improve our systems for collecting and analysing high quality data and we are committed to continuing to increase transparency to the community of the insurance systems we regulate.

I would like to acknowledge the hard work of SIRA team members. The expertise and drive they have brought to the work of improving our services have made our achievements over the past year possible, while also continuing to improve the way we operate as an organisation.

It was an honour to be appointed as SIRA's Chief Executive in December 2017. It continues to be a pleasure to work with SIRA team members as well as our broad range of stakeholders and customers. I look forward to continuing to work together to improve outcomes for NSW over the next year.



Carmel Donnelly
Chief Executive
State Insurance Regulatory Authority

Our 2017-18 snapshot

Motor accidents insurance regulation

SIRA led the implementation of reforms to the NSW CTP scheme, with the new scheme commencing on 1 December 2017. This followed a comprehensive review process, which included significant collaboration and consultation with stakeholders.

The new scheme saw:

- a fall in state-wide average cost of annual Green Slip premiums by more than \$120 (to an average of \$525 at 30 June 2018)
- over \$138 million CTP refunds returned to over 2 million vehicle owners by 30 June 2018.

SIRA continued to focus on improving customer service and experience:

- Green Slip Check was optimised to include the new scheme, with over 1.8 million checks carried out in 2017-18
- CTP Assist was launched to provide multi-channel support and information about the new and old schemes
- online engagement initiatives were developed, including a suite of explanatory video animations, and
- for the first time, injured people were able to make their claim online through SIRA's new digital service.

Home building compensation regulation

During 2017-18, SIRA developed and implemented legislative amendments to the Home Building Compensation scheme in NSW.

SIRA launched HBC Check in January 2018, an online public register of home building compensation information. HBC Check allows homeowners to independently validate that their building or renovation project has home building compensation cover. At 30 June 2018, 11,000 customer searches had been made on the HBC Check register.

Improvements to data availability to support the operation of the scheme and improve SIRA's oversight role as regulator was achieved.

Workers compensation regulation

SIRA's commitment to transparency and ensuring workers compensation policies are fair, affordable and appropriate saw the publication of revised *Market Practice and Premiums Guidelines* in May 2018, following extensive consultation with stakeholders. Key changes included specific requirements for insurers to:

- treat customers with due regard and fairness and to not engage in misleading conduct
- provide information about policies within specified periods
- provide appropriate and timely notification of premium renewals
- regularly report on compliance and review activities.

With the new *Guidelines for workplace to work programs* coming into effect on 31 May 2017, SIRA continued to drive for improved return to work outcomes by updating requirements for employers and providing guidance to stakeholders. This included:

- holding information sessions for employers groups
- launching a new webinar covering the guidelines and employer requirements
- developing new educational resources.

SIRA also established a number of programs and materials to support the 3,453 people with pre-October 2012 claims whose weekly payments ceased in 2017-18 under section 39 of the *Workers Compensation Act* (which was amended in 2012 to provide that weekly payments are capped at five years for workers with less serious injuries). This included holding insurers accountable for early communication with these injured workers transitioning of weekly benefits and requiring regular reporting and notification by insurers, issuing guidance and comprehensive information on the SIRA website, providing 24-hour telephone access to information and counselling services, a new Community Connect program and establishing a SIRA Support and Information phoneline service.

Our regulatory programs

Workers compensation regulation

Scheme snapshot

The NSW workers compensation system is the largest defined benefit scheme in Australia.

In 2017-18, the system protected more than four million workers, collecting \$3.5 billion in premiums and returning \$2.8 billion in claims costs. There were 96,751 newly reported claims this financial year.¹

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 icare and known as workers insurance)
- **Specialised insurers** – six insurers licenced to operate within particular industries
- **Self-insurers** – 58 large employers licenced to self-insure, an increase of one from the previous year
- **Treasury Managed Fund** – the NSW Government’s managed fund scheme. The scheme is administered by the NSW Self-Insurance Corporation (managed by icare and known as insurance for NSW).



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.

The objectives of the workers compensation system are to:

- assist in securing the health, safety and welfare of workers and in particular preventing work-related injury
- provide:
 - prompt treatment of injuries
 - effective and proactive management of injuries
 - necessary medical and vocational rehabilitation following injuries, to assist injured workers and to promote their return to work as soon as possible

¹ SIRA identified data quality issues with the completeness of the work status code data submitted by the Nominal Insurer (NI). This impacts the quality of the Return to Work data. SIRA determined this needed to be swiftly corrected and instructed the NI to improve the quality of this data. The NI has advised this will be rectified by the October data submission

- provide injured workers and their dependants with income support during incapacity, payment for permanent impairment or death, and payment for reasonable treatment and other related expenses
- be fair, affordable, and financially viable
- ensure contributions by employers are commensurate with the risks faced, taking into account strategies and performance in injury prevention, injury management, and return to work
- deliver the above objectives efficiently and effectively.



Insurer performance

Insurer supervision model

SIRA continues to extend the risk-based insurer supervision model developed in 2016-17 to monitor, regulate and manage the performance of all insurers in the workers compensation system.

The model monitors and assesses insurers against performance standards for conduct, claims management and financial sustainability. It is supported by an innovative supervision system which identifies and tracks insurer responses to regulatory requirements, as well as ongoing analysis of quantitative and qualitative data from insurers and other sources.

We regularly meet with and communicate with insurers, including providing quarterly performance reports which measure and recognise trends in insurer performance. This regular feedback includes advising insurers of regulatory requirements to drive better results across key indicators to improve worker and employer experiences and outcomes and ensure financial sustainability and affordability.

Self-insurer Licencing Framework

SIRA successfully implemented the new self-insurer licensing framework in 2017 following a comprehensive review and strong stakeholder engagement.

The re-designed licensing framework improves scheme efficiencies by identifying and minimising non-compliance, underperformance or other risks to the legislative objectives of the NSW workers compensation system. The system supports us in holding insurers accountable through regulatory supervision.

The new framework enhances our regulatory approach, enabling risk-based assessments that provide a comprehensive picture of self-insurer performance. The licensing framework sets clear expectations of self-insurers by assessing their conduct, claims management and financial ability.

As part of the licensing framework, the introduction of the tiering model recognises and encourages exemplary insurer performance and allows us to increase supervision and regulatory activities where an insurer's performance does not meet our standards. We will continue to refine the tiering model and self-insurer tiering status during 2018-19.

Key changes in the framework were implemented to improve timeliness of decision-making, return to work outcomes, internal governance structures, claims management and data quality.

Premium and prudential regulation

Market Practice and Premium Guidelines

With the establishment of SIRA, workers compensation premiums were independently regulated for the first time. We introduced revised *Market Practice and Premiums Guidelines* (MPPGs) in 2016 with further revisions 2017 and 2018.

The current edition of the *Market Practice and Premiums Guidelines* (MPPGs) were published in May 2018 following extensive stakeholder engagement. The MPPGs provide licensed insurers, including the Nominal Insurer and specialised insurers with our requirements for setting workers' compensation premiums and cover any premium issued from 30 June 2018 onwards.

The MPPGs ensure insurance policies and premiums are fair, affordable and appropriate with each employer's risks in line with the system objectives.

The guidelines specify:

- the requirements for policies of insurance to meet the Workers Compensation Act 1987
- how insurers are to present premium filings to SIRA
- how SIRA will assess those filings and
- the minimum standard of market practices required by licensed insurers.

As part of the revision to the MPPGs undertaken in 2017-18, for the 2018-19 policy year, we strengthened the market practice requirements for insurers to provide greater transparency for employers. The key changes to the market practices require insurers to:

- conduct themselves in a manner which is not misleading, pay due regard to their customers and treat them fairly
- provide policy information, upon request, within a specified timeframe
- give appropriate and timely notification of premium renewals
- provide employers with a clear process to review the calculation of their premiums and
- to provide regular reporting on compliance and review activities.

Return to work

Guidelines for workplace return to work programs

The *Guidelines for workplace return to work programs* (Guidelines) came into effect on 31 May 2017. These guidelines articulate the obligations of the different categories of employers and guide employers and their stakeholders in the development of an effective workplace return to work program.

SIRA continues to support employers in the two-year transition period for implementation of these Guidelines, which ceases on 31 May 2019, and provide guidance to scheme stakeholders. Key activities throughout 2017-18 included:

- holding information sessions to provide updates to the Self Insurer Association, employer groups in Albury for the Regional Safety Health and Environment group and employers insured with Catholic Churches Insurance in Sydney
- providing education and resources to SafeWork NSW Inspectors and SIRA Compliance Inspectors to promote the new guidelines when conducting site visits with employers
- releasing a webinar that provided information about the changes to the guidelines and what employers needed to do. The webinar was launched through the SIRA bulletin
- updating all other employer related resources to reflect the changes outlined in the new guidelines.

Further activities including workshops in regional areas run by SafeWork NSW Return to Work (RTW) inspectors on behalf of SIRA are planned during the transition until the final date for implementation on 31 May 2019.

Employer resources for return to work programs

SIRA continues to provide tools and resources for employers, in addition to the *Guidelines for workplace return to work programs* that support return to work outcomes. Key resources launched in 2017-18 were:

- the “*If you get injured at work poster*” is a legislative requirement and provides a summary of the Workers Compensation Act 1987 was translated into five commonly spoken languages within NSW –Arabic, Chinese simplified and Chinese traditional, Korean and Vietnamese and made available on our website in August 2017
- five videos were developed showcasing good outcomes about recovery and return to work from both worker and employer perspectives. The stories feature finalists and winners of the 2017 SafeWork NSW return to work awards and will be released in 2018-19
- content is being developed for an application to assist small businesses understand their workers compensation and return to work obligations, and online Return to Work coordinator training modules.

Section 39

From September 2017, some injured workers were no longer entitled to weekly payments as a result of legislation passed in 2012. Section 39 (s39) of the *Workers Compensation Act 1987* provides that weekly payments are available for a maximum 260 weeks (five years) for workers with less severe injuries.

Between September 2017 and June 2018, 3,453 workers reached the 260 weeks of weekly payments.

To support implementation of s39, SIRA provided insurers with a suite of guidance and educational materials, including fact sheets that provide information and support available for workers and their families / carers. Information has also been made available on our website. Insurers continue to report to us on a range of matters associated with workers transitioning off weekly payments.

We instructed insurers to offer affected workers their final payment in advance to help smooth the transition of weekly benefits over the 2017-18 Christmas period.

Throughout 2017-18, we established (and continue to offer), a number of support programs and services for workers, insurers and other stakeholders who may require further information or guidance around s39. These include:

- a Community Connect funding program, which provides funding of up to \$1,000 (plus GST) for each worker affected by s39 to access community services in their local area (available up until 30 June 2018)
- a 24-hour telephone access to information, and counselling services for injured workers
- SIRA Support and Information phonline Service which:
 - offers general guidance, answers specific questions or scenarios relating to a workers' entitlements and how these may be affected
 - provides a link to Human Services Network (a support website in NSW)
 - provides referral to Ability links - NSW Government funded program where a Coordinator works closely with people to engage with the community
- An extended Centrelink application process whereby applications to Centrelink can commence up to 13 weeks (as opposed to the normal two weeks) in advance of cessation of weekly payments.

For the period June 2017 to the end of June 2018, SIRA's Customer Service Centre (13 10 50) received 958 general enquiries relating to s39. Of the 958 general enquiries, 171 customers have received more focussed assistance via our Support and Information Service. The service referred 82 workers to community support providers and Ability Links.

Support and guidance to stakeholders

SIRA continues to develop resources to provide support and guidance for workers, employers and insurers in the workers compensation system. We regularly engage with stakeholders through forums, education sessions, consultations and industry meetings.

Assistance provided in 2017-18 for workers, employers, insurers and doctors included:

- help for workers to navigate their workers compensation claim via *Have you been injured at work?* web application
- education sessions with the Self-Insurer Association on:
 - SIRA's complaints handling framework
 - case management practice
 - best practice framework for managing psychological injury claims
 - case management practice
 - 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
- quarterly Operational Outcomes Partnership (OOP) forums for all insurers that explore operational issues and barriers and co-design operational solutions to improve claimant experience and outcomes. OOP forums held throughout 2017-18 have included:
 - August 2017 - sharing best practice in injury management planning
 - November 2017 - action following notification of psychological injury
 - February 2018 - effective engagement with General Practitioners (GPs)
 - June 2018 - meeting liability timeframes to achieve better outcomes
- monthly work capacity reference group session with insurers. This group brings together insurers and SIRA's Merit Review Service (MRS) to explore issues arising from work capacity decision reviews. The group identifies decisions that have been overturned by MRS so that insurers can operationalise the principles of administrative law and make better work capacity decisions at the outset.
- We engaged with the Royal Australian College of General Practitioners (RACGP) to conduct a survey with their members, followed by discussion with the RACGP Board to further explore the responses and related issues. The purpose of the survey was to identify ways we could assist GPs in their management of people with workplace injuries. This information will inform the design and development of future education and resources for GPs.

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 the 2017-18 financial year, SIRA approved 23 commutations. This is consistent with the prior year of 2016-17 where 25 commutations were approved by SIRA

Health provider approvals

In the 2017-18 financial year, we approved:

- 950 allied health providers
- five hearing providers
- three workplace rehabilitation providers
- 25 permanent impairment assessors.

In comparison to 2016-17, we have approved a higher number of allied health providers, hearing providers and permanent impairment assessors. Approvals for workplace rehabilitation providers have reduced by 50 per cent. 2016-17 numbers are presented below:

- 903 allied health providers (including 133 reactivated)
- 11 hearing providers
- 6 workplace rehabilitation providers
- 17 permanent impairment assessors

Training

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

The below information 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	3,169
Evaluation of permanent impairment training	Face-to-face and online through external training provider	Specialist Medical Practitioners and other subject matter experts	37 attendees trained across 7 modules

Complaints

SIRA operates a Customer Service Centre available on 13 10 50 for workers, employers, providers and insurers to make enquiries or complaints regarding the workers compensation system. A new customer relationship management system was introduced in late 2017 allowing improved data collection. In the first half of 2018, 1,164 complaints were made to us from a range of stakeholders. The most common issue raised included payments for both weekly payments of compensation and payments of medical expenses.

We continue to operate an escalation panel for referral and assessment of more complex complaints or potential non-compliance. 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 in relation to insurers or employers as appropriate.

Return to work inspectors visit information

SafeWork NSW inspectors conducted 486 inspections on behalf of SIRA in relation to employers' workers compensation and return to work obligations in 2017-18.

Of these inspections, over 80 per cent (406) 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 RTW program and provide education about their obligations and the provision of suitable work. The remaining 80 inspections were

completed in response to either a worker or a worker representative requesting support in facilitating recovery at work.

Work health and safety and workers compensation small business strategy 2017-19

The work health and safety and workers compensation small business strategy 2017-19 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 strategy aligns with the NSW Small Business Strategy which aims to make NSW the easiest place to start and grow a business, with a particular focus on providing tools and resources to help build business capability in work health and safety and workers compensation.

The 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 (RTW). Key activities that have been progressed in 2017-18 include:

- implementation of the Recover at Work initiatives: a proactive collaboration between SIRA and SafeWork NSW
- review and implementation of the 2018 RTW Assist Program
- launch of SafeWork NSW's 2018 Mentor Program
- review of the SafeWork NSW Small Business Rebate Program and implementation of the 2018 program
- roll out of free education and assistance services including a pilot program of SIRA compliance advisory visits, and ongoing SafeWork NSW free safety advisory visits
- development of research and data capabilities tailored for small businesses through SafeWork NSW's Centre for Work Health and Safety.

NSW Mentally Healthy Workplaces Strategy 2018-2022

Launched in June 2018, the NSW Mentally Healthy Workplaces strategy 2018-2022 sets out a long-term vision to create mentally healthy workplaces across NSW and sets a target by 2022 that more than 90,000 NSW businesses will be taking effective action to create healthy workplaces.

The strategy is a collaboration between SIRA, SafeWork NSW, icare, the NSW Mental Health Commissioner and the Ministry of Health and will see the delivery of a range of evidence-informed interventions including:

- an awareness campaign and online resources that motivate and support businesses to create mentally healthy workplaces
- programs, focused on prevention, training and recovery, which improve workplace mental health and provide a positive return on investment
- expert NSW Government guidance, collaboration and recognition to encourage and enable businesses to manage mental health in the workplace
- extensive research to increase understanding and contribute to the development of initiatives that improve workplace mental health.

The strategy and interventions will deliver:

- increased awareness and understanding of mentally healthy workplaces
- increased capability of NSW employers to create mentally healthy workplaces
- improved NSW workers' perception that their workplaces are safer and healthier
- better promoted, preserved and restored social connections within the workplace and community
- improved productivity, due to reduction in absenteeism and presenteeism, improved recovery at work outcomes and employer cost savings.

GIG Economy Stakeholder Reference Group

On 23 November 2017 SIRA hosted a roundtable to engage stakeholders on workers compensation issues arising from the gig-economy.

A key outcome of this meeting was the establishment of a reference group with gig economy operators and other stakeholders to consider the potential impacts of the gig economy on the workers compensation system and ensure regulation is responsive and fit for purpose in the digital age.

The reference group members include:

- NSW Business Chamber
- Unions NSW
- Ride-share Drivers' Association Australia
- Roobyx
- Zoom2U
- Splend
- Freelancer.com
- The Australia Institute
- icare
- Hireup
- Better caring
- Deliveroo
- Airtasker
- Grattan Institute
- NSW Data Analytics Centre
- GoBuggy Australia
- Insurance Council of Australia
- SafeWork NSW and
- Office of the Small Business Commissioner.

Members have provided valuable insights into the experience of people engaged in the gig economy and are informing us about priorities and options for effective regulatory responses. The reference group also provides opportunities for members to network and share perspectives.

The Gig Economy Stakeholder Reference Group first met on 1 March 2018. We will continue to host ongoing meetings.

Workers compensation and digital innovation

Monthly dashboard

SIRA commenced publishing a monthly dashboard in May 2018 on key workers compensation system data. The dashboard provides information in both infographic high-level view and machine readable open data tables and is available on both the SIRA and NSW OpenGov websites.

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

Operational and investigative tool

SIRA implemented an internal regulator-self-service business intelligence tool for authorised staff, that supports the risk and performance-based supervision model. The tool provides the ability for us to analyse workers compensation claims, policy and payment data to identify trends and enable us to better respond to scheme performance and improvement.

Data modernisation

SIRA has commenced a worker's compensation data modernisation program that will deliver fit for purpose data systems that enables us to hold insurers and service providers accountable and improve claim experience and health and social outcomes for claimants and policy holders.

The focus will be end-to-end from improving ingestion flexibility, processing speed and data quality to downstream data consumption and insight. The program is expected to continue into 2019-20.

Customer enquiries

In 2017-18, we answered more than 41,100 enquiries from people calling our 13 10 50 customer service line about workers compensation. This number decreased from the previous year when there were over 61,400 enquiries.

We also managed more than 2,100 workers compensation complaints in 2017-18.

Workers compensation claims data

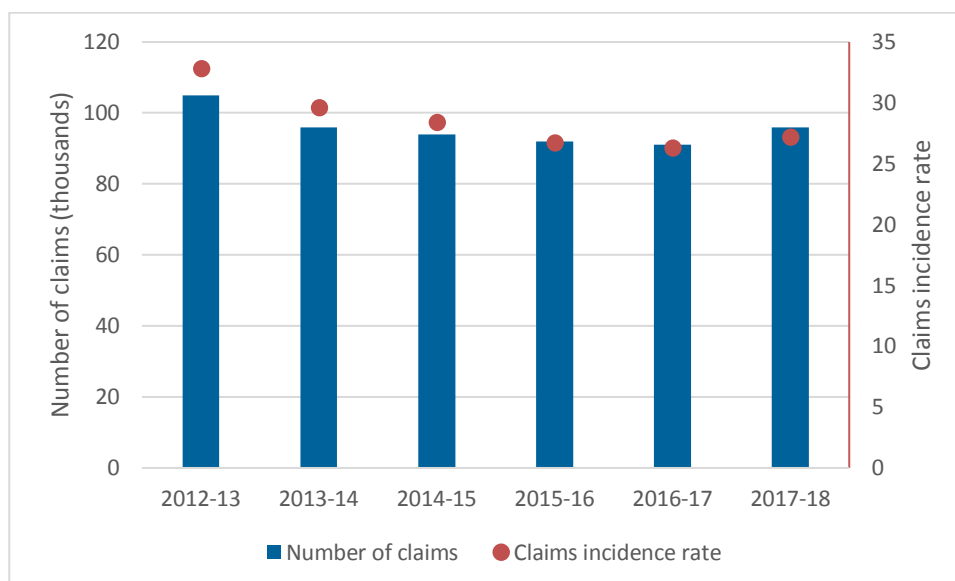
Reported claims

SIRA receives details of all workers compensation claims reported in NSW. There were 96,751 claims reported by 30 June 2018 for the 2017-18 year with a claims incidence rate of 27.2. (measured by the number of claims per 1,000 workers).

Both the number of claims and the claims incidence rates in 2017-18 increased from last year's results with an increase in claims numbers of six per cent and an increase in the incidence rate by three per cent.

Compared to 2016-17 the Nominal Insurer and specialised insurers reported increases in claims of eight per cent and nine per cent, respectively in 2017-18. There was a very small increase in claims reported by government self-insurers (TMF). Self-insurers experienced an eight per cent reduction in the number of claims reported between 2016-17 and 2017-18.

Number of reported claims and claims incidence rates



Compliance and Enforcement

In 2017-18, SIRA undertook a broad range of compliance, enforcement and regulatory review activities on insurers and other scheme participants.

Compliance

SIRA's compliance activities in 2017-18 included:

- more than 1,300 risk-based visits of employers to provide education about their workers compensation obligations and verify their compliance with insurance requirements. Of these:
 - 1,100 employers were found to be compliant with the legislation and
 - 192 were escalated for further investigation and review
- 55 compliance assessments responding to complaints about uninsured and underinsured employers
- we commenced an Insurer Performance Audit program in May 2018 that examines insurer and self-insurer claim case management practices
- 13 workplace rehabilitation provider audits were completed.

Investigations and Enforcement

SIRA's activities in 2017-18 included assessment and investigation of:

- 148 referred cases of alleged fraud and
- 197 referred cases of potential compliance breaches, relating mostly to insurers and employers.

SIRA's enforcement actions included the issuing of:

- 82 infringement notices to non-compliant employers,
- 56 recoveries of avoided premium from non-compliant employers, and
- four penalty notices to an insurer within the workers compensation scheme for noncompliance.

Prosecutions

In 2017-18, several convictions were obtained against a number of fraudulent claimants in the workers compensation system including:

- a person was given a 15-month imprisonment term for workers compensation fraud amounting to \$54,902.86
- a person was given a suspended sentence of 12 months for a total cost of claim of \$46,060.17
- a person was given an 18-month imprisonment term for a total cost of claim of \$70,475.21
- a person was given a 21-month imprisonment term for defrauding the workers compensation system on two occasions, by lodging a false claim and assisting in the lodgement of a second.

Regulatory reviews

In 2017-18, regulatory reviews included:

- 49 Private Rulings to determine whether a person is a worker, a deemed worker or a contractor, and
- 14 other matters, primarily consisting of reviews of premiums, including in relation to cost of claims, wages and workers compensation industry classification appeals.

Home building compensation regulation

Scheme snapshot

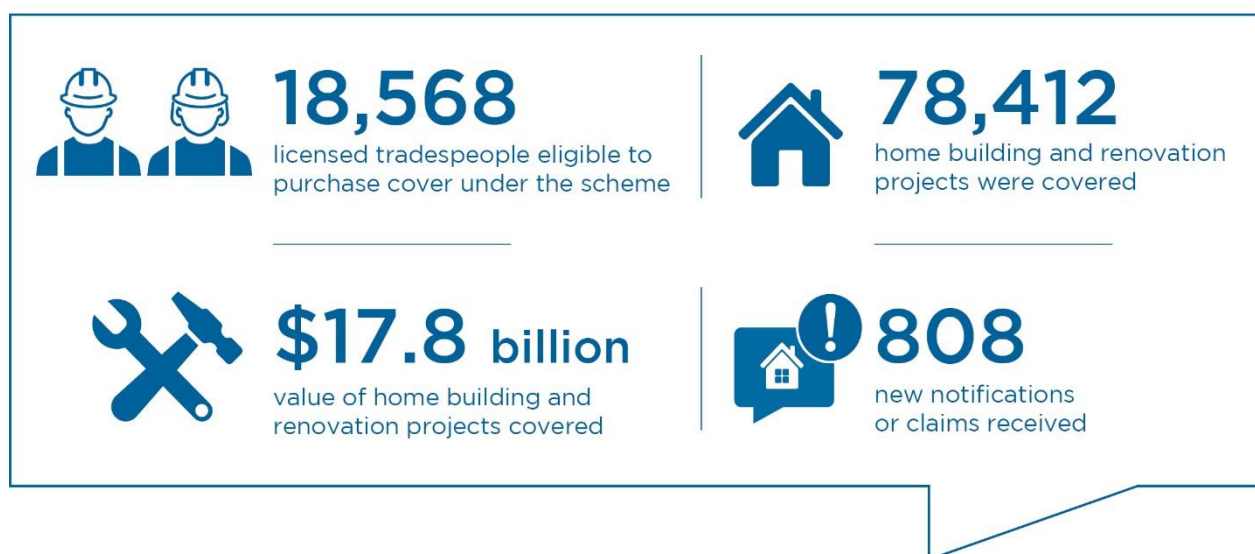
Home building compensation, formerly known as home warranty insurance, is a mandatory product that covers residential building work in NSW.

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

In 2017-18, the home building compensation scheme:



NSW Self Insurance Corporation (SiCorp) trading as icare hbcf (icare) was taken to be a licensed insurer from 1 January 2018. icare continues to be the sole insurer in the home building compensation scheme.

On the 18 June 2018 SIRA served a notice on icare imposing conditions, approved by the SIRA Board, on their licence. The conditions will come into effect on 31 July 2018.

Reforming the scheme

In June 2017, the NSW Parliament passed the *Home Building Amendment (Compensation Reform) Act 2017*. In the first half of 2017-18 SIRA focused on developing, consulting on, and publishing the supporting legislation necessary to allow the bulk of the provisions in that amendment Act to commence. This included amending one Regulation and the following six statutory guidelines, which were published in December 2017:

- the Home Building Amendment (Insurance and Alternative Indemnity Cover) Regulation 2017
- Home building compensation (business plan) insurance guidelines
- Home building compensation (claims handling) insurance guidelines
- Home building compensation (eligibility) insurance guidelines
- Home building compensation (prudential) insurance guidelines
- Licensee application guidelines – Home building compensation regulation.

These guidelines along with most provisions in the amended Act commenced on 1 January 2018. Private insurers or alternative indemnity product providers are now able to apply to SIRA for a licence to enter the home building compensation market alongside the government provider, the NSW Self Insurance Corporation (trading as 'icare'). SIRA has also developed and published standard conditions on licence holders for the home building compensation scheme.

SIRA determined two applications from builders or developers to be exempt from insurance in 2017-18.

SIRA also developed and consulted on a set of guidelines concerning contributions that may be charged by alternative indemnity providers (Home building compensation [contribution] AIP guidelines).

We presented to builders at five NSW Fair Trading home building business expos in 2017-18 in Orange, Sutherland, Castle Hill, Chatswood, and Liverpool. The expos provided the ability to inform NSW builders about the reforms to the home building compensation scheme.

Data Innovation

SIRA has built a Data Exchange that interfaces with government databases and HBC licence holders to send and receive real-time information about insured builders and tradespeople, policies, claims and other relevant information necessary to support the operation of the scheme, and SIRA's oversight role as the regulator.

SIRA is continuing liaisons it commenced with the Master Builders Association (MBA), Housing Industry Association (HIA) and icare to make data more available.

In April 2018, SIRA released de-identified historical policy and claims data to two potential licence applicants to help them assess entering the HBC market.

Fraud

SIRA referred eight matters to NSW Fair Trading concerning possible insurance fraud.

Customer enquiries

In 2017-18, we answered 566 enquiries about the home building compensation scheme.

On 1 January 2018, SIRA launched a new public register of home building compensation information, called 'HBC Check' (<https://hbc.onegov.nsw.gov.au>).

HBC Check is designed to help homeowners building or renovating their homes, to independently validate that their project has home building compensation cover. It can be searched by property address, the certificate number that identifies the cover, or by the name of the builder or tradesperson that took out the policy. There have been more than 11,000 customer searches of the HBC Check register during its first six months of operation to the end of June 2018. We have also released two further enhancements to the register during the first half of 2018.

Motor accidents insurance regulation

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.

In 2017-18, SIRA regulated two CTP insurance schemes for motor vehicles registered in NSW: the '1999 scheme' and the new '2017 scheme'. It licensed and supervised the four private insurance companies operating six licences who underwrite the schemes, sell policies and manage claims made against their policy holders.

NSW Green Slip insurance provides benefits for injured pedestrians, passengers, cyclists, motorcyclists and drivers who did not cause the accident and, to a lesser extent, drivers and riders who were at fault. It also compensates close relatives of people who have died as a result of a motor vehicle accident.

Benefits under the schemes are fully funded from premiums.

The Nominal Defendant's Fund ensures anyone injured by an uninsured or unidentified vehicle can also claim scheme benefits.

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



A year of reform

The new 2017 CTP scheme, established under the *Motor Accident Injuries Act 2017* (2017 Act), commenced on 1 December 2017.

The objectives of the new scheme are to:

- reduce the time to resolve a claim
- increase the proportion of the premium dollar that provided in benefits to injured road users
- increase the proportion of benefits provided to the most seriously injured road users
- reduce the cost of Green Slip premiums (to a target average premium of \$528)
- reduce the opportunities for claims fraud and exaggeration.

SIRA worked closely with key stakeholders throughout 2017-18 to implement the new scheme. The program includes improved support for injured people and improvements to claim management practices and access to services to enable recovery from injury.

The reforms also included significantly improved data capability, including digital and online service delivery. New insurer licences and strong regulatory powers to control premiums and profit were also introduced.

As well as the new Act, SIRA continues to administer new Regulations and Motor Accident Guidelines for the new scheme.

The scheme's commencement in December 2017 saw:

- substantial savings in premiums for most vehicle owners
- commencement of the Green Slip refunds to vehicle owners who had paid higher pre-reform premiums
- improved customer service with the launch of our new service team, CTP Assist
- more frequent published reporting on the scheme including monthly dashboards and the Green Slip scheme quarterly insights report
- regular insurer performance monitoring and supervision actions where SIRA holds insurers accountable for compliance with the requirements of the new scheme; and
- an early post implementation review of comprehensive Motor Accident Guidelines covering: premium determination, claims handling, dispute resolution and minor injury assessment.

The 2017 CTP scheme

The 2017 scheme significantly reduced the cost of Green Slips and introduced:

- 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)
- 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 continues to provide 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.

NSW insurers stopped selling CTP policies under the 1999 scheme on 30 November 2017 and started selling policies on 1 December 2017 under the new 2017 scheme. The 1999 scheme under the *Motor Accidents Compensation Act 1999* will continue until claims for accidents before 1 December 2017 are finalised.

Reduced Green Slip premiums

On 1 December 2017, the state-wide average cost of annual Green Slip premiums fell by more than \$120 to an average of \$528. It was \$525 at 30 June 2018. Average premiums for Sydney passenger vehicles fell by 26 per cent and for country passenger vehicles by 10 per cent. Taxi premiums went down by thousands of dollars.

CTP refunds

Green Slips purchased before the commencement of the new scheme on 1 December 2017 had pre-reform prices. This excess premium was refunded to most vehicle owners. The closer the policy start was to 1 December 2017, the larger the refund.

Over \$138 million in CTP refunds had been returned to over two million vehicle owners by 30 June 2018.

Supporting legislative reform

Regulations

The Motor Accident Injuries Regulation 2017 was issued on 8 September 2017 to enable the operation of interim provisions of the 2017 Act for filing premiums and indexation of statutory benefits and damages.

The Motor Accident Injuries Amendment Regulation 2017 was issued on 1 December 2017 to include certain injuries in the definition of minor injury, modify definitions of earnings, and amend the list of matters declared as merit review and miscellaneous claims assessment matters.

Motor Accident Guidelines

On 22 November 2017, SIRA issued the first set of Guidelines to support the delivery of the objects of the Act and Regulations for the new scheme. They were developed after consulting extensively with insurers, the Insurance Council of Australia, legal professional associations, clinical and academic experts and other relevant stakeholders.

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

In April 2018, SIRA reviewed the Guidelines and issued Version 2, amended to include the new online claims system.

In June 2018, Version 3 was issued which included requirements for new compliance obligations for insurers to keep SIRA informed of data breaches, interstate nominal defendant claims and communication practices with injured people's legal or other authorised representatives in certain circumstances.

SIRA proposes to review and amend the Guidelines three times a year.

Updated motor accident permanent impairment guidelines

In May 2018 SIRA published revised Motor Accident Permanent Impairment Guidelines 2018 (for claims made under the 1999 Act) which came into effect from 1 June 2018 and apply to injuries caused by a motor vehicle accident between 5 October 1999 and 30 November 2017.

The guidelines are used by medical assessors to establish the degree of permanent impairment, that determines whether damages for non-economic loss can be awarded under the *Motor Accidents Compensation Act 1999*.

The revised Guidelines now incorporate existing published supplementary notes, changes to reflect a Supreme Court judgment, updated clause numbering and changes to style and format.

They are identical to part 6 of the Motor Accidents Guidelines 2018 which apply to the 2017 scheme.

Improving customer service and experience

Green Slip check

Green Slip Check went live on the SIRA website for the new scheme and provides information on all insurers' CTP prices on a single page. Over 1.8 million checks were carried out in 2017-18.

The ability to directly choose and pay for a Green Slip via the Green Slip Check will be added to the service in 2018-19.

As well as encouraging motorists to shop around for the best deal on Green Slips and competition between insurers, the Green Slip Check collects data to verify usage patterns, support market share data, validate prices from premium filings and indicate the frequency of people moving insurers. This helps support SIRA's regulatory role.

CTP Assist

CTP Assist, SIRA's new multi-channel support service, was launched in 2017-18. Its staff provide independent, personalised claims support and information under both the 1999 and 2017 schemes for injured people, their representatives and other scheme participants, such as doctors and health professionals.

As well as responding to phone and digital enquiries, injured people who have lodged a claim receive calls from CTP Assist staff at regular milestones to check on their recovery and ensure they are getting the support they need. The same member of the team calls each time for continuity.

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

Matters concerning insurer behaviour are escalated for investigation to the Compliance, Enforcement and Investigations team where appropriate.

As at 30 June 2018, the CTP Assist team handled the following contacts with injured people in both schemes:



Net Promoter Score and Customer Effort Score

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

NPS measures how likely a customer is to recommend CTP Assist to others. It is calculated using a standard formula: the percentage of customers that score the service nine or ten out of ten ('promoters') less the percentage who scored it at six or less ('detractors'). CTP Assist's NPS was +43 at 30 June 2018, making CTP Assist a 'national leader' according to the Australian NPS Pulse Check.

CES measures how easy it is for a customer to get the help they need and as at June 2018 CTP Assist scored four out of a possible five.

Online engagement

Explanatory animations

SIRA launched the first of a series of web-based animations, telling the story of Alex, who's been injured – fortunately not seriously – in a car accident.

In just under three minutes, the animation takes us through what Alex must do and what he should expect, setting out the roles of insurers, health professionals and others in supporting Alex's return to health.

Scheme on a page

A series of single-page diagrams illustrating different aspects of the scheme was mapped out this year.

The first of these diagrams show how an injured person can access personal injury benefits, distilling their journey through the scheme using clear, concise visuals and explanatory text.

Legal Advisory Service pilot

A CTP Legal Advisory Service pilot was launched by SIRA mid-December 2017. The service provides legal advice over the phone relating to statutory benefits claims, where legal fees are restricted by the 2017 Act and supporting Regulations. It is intended to provide a safety net if injured people need legal advice outside the provisions in the Regulations.

To use the service, claimants call CTP Assist who arrange a referral if they are eligible. Advice is personal and confidential. There is no fee payable from injured people using the service.

The first referrals were made during the June 2018 quarter.

CTP data and digital innovation

CTP Connect – Initial notification to insurer

A secure online claim notification system, using Service NSW document verification, was developed for the 1999 and 2017 schemes. This system automatically matches, and forwards claim notifications to the correct insurer. This makes it fast and easy for insurers to approve limited initial treatment for those who have notified but not yet lodged a claim. It also helps injured people get treatment as quickly as possible.

Online claims submission – lodging a claim for statutory benefits

A secure online claims submission system, using Service NSW identity verification, was developed for the new scheme.

The digital claim form is very flexible and injured people can attach medical certificates, upload photos and videos, pinpoint the accident location through Google Maps, and add information later if needed. System integration and portal access enables insurers to manage the claim on their systems and download relevant supporting material.

Improved claims data systems

To support its regulatory and compliance role, SIRA established a Universal Claims Database (UCD) for the 2017 scheme, fed from insurers' systems in near-real time, to give SIRA oversight of all claims from submission to finalisation.

In the 1999 scheme, reporting on insurer claims data usually lags by six to eight weeks after the event. The UCD makes claim data available for analysis much sooner, and it will enable SIRA to build better analytic tools to identify insurer non-compliance or data quality issues.

Through data analytic enhancements now being implemented, SIRA can increasingly preview data received and develop a more predictive approach to compliance and data analysis. In the future, with real time, standardised data, machine learning technology will be used by SIRA to identify claim management problem patterns that need further investigation and regulatory action.

In developing these solutions, SIRA has worked with NSW Treasury's Data Analytics Centre, OneGov, the NSW Government's software platform, and external consultants.

Matching policies and vehicle registrations

A central database for matching vehicle number plates to Green Slip policies and the right insurer was introduced in 2017-18. Updated every week by insurers, this provides a behind the scenes matching of vehicle registration numbers with CTP policies, and the data feeds to all CTP insurers. This means that claims or lodgements are being directly sent to the right insurer.

Connecting with SIRA's Dispute Resolution Service

CTP disputes can now be lodged online. The system provides email prompts to the injured person and has the capability to receive notifications and respond by email, as well as upload required documents such as photos, maps, videos and X-rays.

Taxi portal

Taxis now have the option to pay CTP premiums in instalments, based on the distance driven. The taxi portal developed this year lets taxi owners lodge their odometer readings online.

Data sharing and linkage project

SIRA has continued to work with key agencies, including the NSW Centre for Road Safety, to reduce road trauma and improve road safety.

A key initiative launched was to link data collections between Transport for NSW, NSW Health, NSW Police and SIRA on crashes, injuries, claims and payments to inform evidence-based policy and research.

Insurer supervision

With the new CTP scheme, SIRA is developing a new insurer supervision model to hold insurers accountable for their conduct performance and case management practices.

SIRA focuses not just on compliance but on preventing and limiting harm that may arise to injured people through their claim and recovery journey resulting from an insurer's management of their claim.

SIRA is establishing a clear and constructive portfolio management model to supervise the insurers in the 2017 and 1999 scheme. This model enables integrated supervision of performance and clear streamlined feedback to insurers about their performance and SIRA's expectations and requirements.

Explanatory and education sessions were conducted with insurer frontline staff at the commencement of the scheme to ensure clear understanding of expectations.

In December 2017, January 2018 and March 2018 SIRA conducted claims file reviews with all insurers to assess standards of operations and case management practices within the scheme.

SIRA also undertook intensive meetings with all insurers where interviews with team members provided insight into claims management practice and culture.

Insurer supervision activities are underpinned by scheme data analysis. Trends and areas of risk are raised with insurers for action, where necessary. SIRA monitors and reports on trends generated from all customer feedback, including complaints, compliments and suggestions. Scheduled insurer forums are conducted to facilitate communication and common understanding.

Supporting recovery

To enable the best possible recovery for injured road users and facilitate and assist their return to work and other activities, injury management is an important focus for SIRA. This included the following projects in 2017-18.

Minor injury

A key feature of the 2017 scheme is injuries defined as 'minor injuries' which are usually resolved within six months of an accident with appropriate treatment. An increased proportion of benefits is then provided to the more seriously injured.

SIRA worked with clinical experts, insurers and legal groups to establish the threshold for minor injuries and develop principles for their assessment. These were incorporated in the *Motor Accident Injuries Regulation 2017* and the *Motor Accident Guidelines* published on 1 December 2017.

Alongside these documents, material covering the scheme's definition and treatment of minor injuries, including recovery advice, was developed and published on SIRA's website, as well as in a fact sheet '*Understanding minor injury*' for insurers to send to injured people.

Minor injury independent file review

To closely monitor the definition of minor injury and the way it is applied by insurers, SIRA engaged two independent research institutions to carry out a file review of claims determined as minor injury: The University of Sydney's John Walsh Centre for Rehabilitation Research and Macquarie University's Australian Institute of Health and Welfare.

The independent review will look at the scheme's first 1,000 claims, randomly allocated to the two research institutions that will collect directly from insurer files at five points over two years. They will focus on those deemed minor injury claims. This will provide insights into:

- injury management in the 2017 scheme
- how the minor injury threshold is applied
- opportunities for data collection to improve scheme monitoring.

Vocational programs and recovery

SIRA is developing and funding a range of vocational programs which include incentives for employers to return people to work and helping injured earners find new employment after an injury.

One funded program has seen SIRA and Phoenix Australia - Centre for Posttraumatic Mental Health – team up to develop wellness and recovery principles. These are currently being used by CTP Assist.

A SIRA-wide working group has developed a strategy and will be working to build a health provider network.

Road safety research: young driver telematics trial

To reduce casualties on NSW roads by improving driver behaviour, SIRA has commenced an in-vehicle telematics road safety trial for young drivers, in partnership with the Centre for Road Safety and Transport for NSW.

1,000 young drivers from Western Sydney and regional areas across NSW – the higher-risk areas of the state – have been recruited for the trial. Each has a telematics system installed in their car which tracks a range of driving parameters: hard braking and acceleration, cornering forces, distances travelled and time of day.

Young drivers are among the highest-risk groups on the road: up to five times more likely to be involved in crashes resulting in serious injury or death according to Centre for Road Safety data.

The trial will help us understand how telematics-driven feedback can help moderate risky driving behaviours in high-risk young drivers.

Managing costs and insurer profits

Risk equalisation mechanism (REM)

CTP insurance is mandatory, and insurers cannot choose their customers or vary premiums outside a prescribed range. Consequently, some insurers may have a disproportionate number of higher-risk or low-risk policies.

To encourage more insurers to join the scheme over time, and improve competition, SIRA added a risk equalisation mechanism (REM) for the 1999 scheme. The REM redistributes premiums between insurers to make sure each insurer has the right average premium for each level of risk.

The REM amounts were adjusted from 1 December 2017 for the new scheme.

SIRA has seen some early signs of benefit to the public as a result of the REM, in more competitive premiums for some high-risk groups such as younger drivers as insurers are now compensated through the REM for higher risk policy holders.

Profit normalisation

To ensure insurer profits are sufficient to underwrite risk but are not excessive, SIRA developed an excess profit and loss mechanism, as provided for under the 2017 Act.

Under the Transitional Excessive Profits or Losses (TEPL) mechanism, if the industry makes excessive profits during the transition, or early years of the scheme, insurers are required to give excess profits to SIRA. These will be applied to reduce levies – part of all CTP premiums – for all motorists. If there are losses, levies will be increased to compensate the affected insurers.

SIRA's TEPL model and guidelines are being drafted and consulted on. Once complete and operating, it will be implemented and will apply from the commencement of the new scheme on 1 December 2017.

Point to point transport

Following public consultation and discussions with the taxi and ride share industries, SIRA introduced transitional CTP premium arrangements for taxis and ride share vehicles in line with the 2017 Act. The goal is to improve the premium system for point to point transport to ensure the CTP premium system is fair and does not distort competition in the market.

Taxis now have the choice of a fixed annual price or a variable price based on the distance driven and payable in instalments. Premiums for ride share vehicles are based on a standard car premium plus 10 cents per kilometre while carrying passengers.

Transitional arrangements will be in place until at least December 2020, while SIRA continues to work with the point to point industry to fully implement distance-based CTP premiums and ensure premiums are equitable for the different types of vehicles.

Autonomous / Automated vehicles

Vehicle automation has major implications for road safety and motor accident insurance. SIRA continues to collaborate with the National Transport Commission, Transport for NSW and the motor accident insurance schemes of the other states and territories to develop a national legal framework. This starts from the principle that no one should be worse off financially or procedurally if they're injured by an automated vehicle.

Compliance, Enforcement and Investigations

Up until 12 June 2018, SIRA investigated all claims-related complaints against insurers raised by injured people or their legal representatives. The majority of complaints raised related to allegations of insurers breaching claims handling guidelines, not being just and expeditious in handling claims, breaching treatment, rehabilitation and care guidelines or inappropriate insurer behaviour and conduct.

SIRA requires insurers to provide information about these complaints, including auditing insurer claims files. SIRA then determines a finding on the complaint and any actions to be taken by the insurer. SIRA will also determine ongoing regulatory action such as a continuing audit for systemic breaches.

In 2017-18, 131 complaints against insurers were received and 132 were finalised by the team.

From 12 June 2018, the complaints structure changed, in line with SIRA's expanded investigative powers under the new Act. The new complaints structure has three tiers:

1. complaints that can be addressed rapidly by CTP Assist
2. complaints that require initial investigation by SIRA specialists
3. complaints about the potential breach of the Act or Guidelines that are escalated to SIRA's Compliance, Enforcement and Investigations team.

Countering fraud

SIRA continues to collaborate with the NSW Police Strike Force Ravens, CTP insurers and other peak and investigative bodies to investigate and prosecute unlawful activity involving the CTP scheme.

As at 30 June 2018, Strike Force Ravens had arrested a total of 21 offenders and laid 164 charges for fraud totalling approximately \$13.7 million. Of these, 10 arrests were made in the 2017-18 financial year and 75 charges totalling \$3.9 million were laid.

Superimposed inflation

Superimposed inflation is the increase in the average claims size over time above wage inflation¹. It is a common 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 time¹.

For the 1999 scheme (under the *Motor Accidents Injuries Act 1999*) average superimposed inflation was around six per cent from 2004 to 2009 based on assessment made by various actuaries. It has been benign since then and has been approximately zero or negative since 2008¹.

Smooth transfer to the Lifetime Care and Support Scheme

SIRA and the Lifetime Care and Support Scheme (LTCS) have established a steering committee which ensures people severely injured in a motor accident in NSW are transferred efficiently, easily and in an informed way to the LTCS.

The steering committee will oversee the implementation of guidelines, reporting and monitoring frameworks to oversee the transition by insurers to ensure customer and maximum health outcomes are achieved by participants.

¹ Review of selected performance indicators of the NSW CTP Scheme 2017, Ernst & Young.

Our dispute resolution services

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, mainly in the motor accidents schemes. In 2017-18, SIRA's range of dispute resolution services extended to reflect the *Motor Accident Insurance Act 2017* (MAI) which commenced 1 December 2017. As at 30 June 2018, 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 (MRS) – to be discontinued in early 2019 under recent legislative amendments.
- NSW CTP Lifetime Care Dispute Reviews
- ACT CTP and Workers Compensation Lifetime Care Dispute Reviews

The predominant dispute types remain Medical and Claims disputes related to Motor Accidents and together these equate to more than 90 per cent of the lodgements for 2017-18.

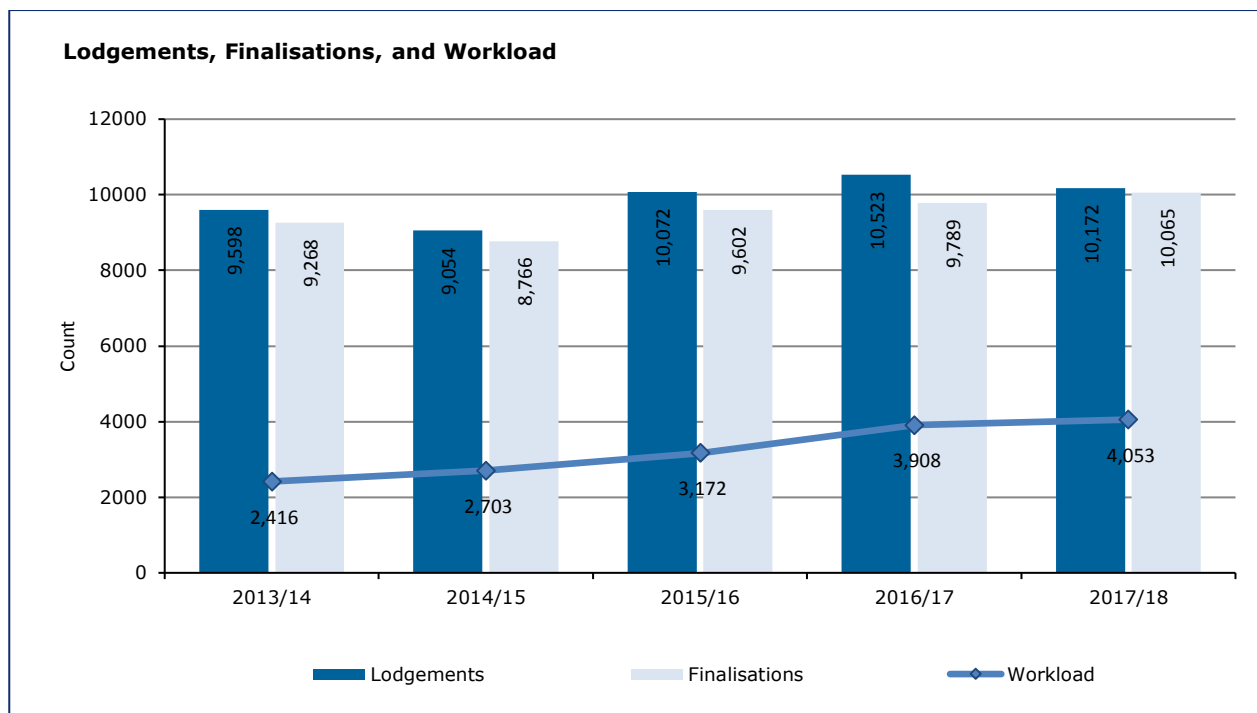
Reviews accounted for approximately three per cent of the total lodgements, which is a reduction on the 2016-17 figure.

Disputes lodged

In 2017-18, more than 10,100 dispute applications were lodged with our dispute resolution services. This figure represents a reduction of approximately three per cent from the previous year 2016-17 and is the first decrease in dispute applications lodged since 2014-15. While there has been a reduction in the total number of disputes, the Medical Assessment Service (MAS) has experienced a two per cent increase in lodgements in 2017-18 from the previous year 2016-17. This is the fifth consecutive year MAS lodgements have increased. When looking at this in further detail, the total increase of MAS lodgements since 2013-14 has been 21 per cent.

Dispute resolution service – lodgements, finalisations and workload

(Workload = total current matters at the end of the financial year)



Number of dispute resolution service lodgements by year and type

Type	2013-14	2014-15	2015-16	2016-17	2017-18	2017-18 change	
Medical assessments	4,660	4,824	5,420	5,530	5,670	140	2%
Claims assessments	1,412	1,660	1,861	2,229	2,255	26	1%
Motor Accident Dispute Resolution Service					73	73	
Claims assessment exemptions	2,393	1,814	2,098	2,232	1,862	-370	-19%
Merit reviews	1,132	748	684	524	310	-214	-41%
Lifetime care reviews	1	8	9	8	2	-6	-75%
Total	9,598	9,054	10,072	10,523	10,172	-351	-3%

Disputes resolved

SIRA's dispute resolution services finalised more than 10,000 disputes in 2017-18.

As the number of finalisations achieved in 2017-18 is almost the same as the number of lodgements, this indicates that finalisations are broadly keeping pace with the number of disputes lodged.



Motor Accidents Medical Assessment Service (MAS)

Lodgements to the Medical Assessment Service (MAS) have continued to grow in 2017-18 experiencing a two per cent increase on the previous year. This is the fifth consecutive year of increasing lodgements. Finalisations also increased in 2017-18 by 12 per cent compared to 2016-17.

Permanent impairment has remained the most predominant dispute type in 2017-18. More than 70 per cent of the MAS finalisations in 2017-18 related to permanent impairment disputes. Timeframes to finalise treatment and permanent impairment disputes reduced in 2017-18. Further assessment and reviews of medical assessments equated to approximately 19 per cent of MAS finalisations in 2017-18. Timeframes for further assessments experienced a slight increase in 2017-18 while review of a medical assessment had a slight reduction during the same period.

The panel of 157 independent expert Medical Assessors has been appointed to 30 June 2020 and participated in continued performance monitoring.

Motor Accident Claims Assessment and Resolution Service (CARS)

In 2017-18 lodgements to the Claims Assessment and Resolution Service have reduced by eight per cent compared to that of the previous year. This same period also experienced a two per cent reduction in the number of finalisations on the previous year 2016-17.

2017-18 saw an increase in timeframes for special assessments of procedural disputes from 48 working days to 57 working days. However, over the last five years the duration of special assessment disputes has decreased from 74 working days in 2013-14 to 57 days in 2017-18 representing a 23 per cent improvement in time scales. While there has been an increase in timeframes associated with finalising further General Assessments, these equate to less than one per cent of the total number of CARS finalisations in 2017-18. Timeframes for other CARS dispute types have remained consistent since 2014-15.

The 27 CARS claims assessors were appointed until 30 June 2019. In 2017-18 the claims assessors participated in performance monitoring, briefing sessions and conferences.

Motor Accident Dispute Resolution Service (DRS)

In 2017, the NSW Parliament passed legislation creating the *Motor Accident Injuries Act 2017 (MAI Act)* which applies to accidents occurring on or after 1 December 2017. This required SIRA to establish a new service known as the Dispute Resolution Service (DRS). The DRS provides a one-stop shop for CTP scheme dispute resolution through the delivery of DRS Merit Reviews, DRS Medical Assessments, DRS Miscellaneous Claims Assessments and DRS Claims Assessments. As anticipated, SIRA has yet to receive significant numbers of disputes related to the MAI Act in 2017-18.

Some key features of this new dispute service include a stronger focus on customer experience. Integral to an improved customer experience has been improvements to accessibility. A new online portal allows applications to be received digitally. DRS also accepts dispute applications by email, over the phone, or in person, all of which are new accessibility methods not previously available in other dispute resolution services.

The 2017 Act also empowers SIRA to publish Merit Review and Claims Assessment decisions. Publication will improve transparency and enable better guidance and education to improve claims management decision-making and avoid scheme disputation.

Customer satisfaction and complaints

SIRA is committed to providing customers with accessible, timely, durable, fair assessment services. Monitoring customer feedback plays an important role in this regard, enabling SIRA to gain insight into its services from the customers' perspective. Customer feedback assists identification of key trends and focus areas for improvement, underpinning a targeted approach to investment in customer service. SIRA received 21 complaints about dispute resolution service in 2017-18 (0.2 per cent of the total disputes finalised). This feedback suggests that there is a small number of instances where aspects of the service could be improved, specifically in relation to MAS.

Our stakeholders

SIRA is committed to continuing to engage with our stakeholders and we meet with them regularly to provide information, seek input and identify priorities for improvement in the schemes we regulate.

Key stakeholders who meet with SIRA regularly include:

- Unions NSW and affiliates
- Australian Industry Group
- NSW Business Chamber
- Housing Industry Australia
- Master Builders Association of NSW
- icare
- NSW Self-Insurers Association
- Hospitality Employers Mutual
- Racing NSW
- Catholic Church Insurance
- Coal Mines Insurance
- StateCover Mutual
- Guild Insurance
- The Royal Australian College of General Practitioners
- Beyondblue
- Workers Compensation Commission
- Workers Compensation Independent Review Office
- New South Wales Bar Association
- Law Society of New South Wales
- Australian Lawyers Alliance
- Insurance Council of Australia
- National Insurance Brokers Association of Australia
- NSW Disability Council
- Taxi Council
- CTP insurers
- Motorcycle Council
- Point-to Point Committee (industry representatives)
- Transport NSW concerning strategic road transport issues
- CTP legal forum (legal professional associations)
- NSW branch of the Australian Physiotherapy Association
- NSW faculty of the Royal Australian College of General Practitioners
- Australian Medical Association New South Wales
- Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC)
- Heads of Motor Accident Authorities nationally.

Our people

The people who work for SIRA are employed by the Department of Finance, Services and Innovation (DFSI).

While SIRA sits within the DFSI Cluster, the SIRA Board oversees our strategic direction and performance and the Chief Executive manages SIRA's operations.

In 2017-18, DFSI provided SIRA with shared services support in areas of communications, finance, information and technology services, investment, human resources, legal and procurement.

Human resource statistics

The number of SIRA's full time equivalent staff was 296.2 when the *Workforce profile census data* was collected on 28 June 2018.

See the table below for the breakdown of staff by classification.

Classification	2016-17 ^{1,2}	2017-18 ^{1,2}
Administrative and clerical officers	204.6	278.5
Public Service Senior Executives (GSE Act 2013)	15	16.7
Statutory Officers	1	1
Total	220.6	296.2

In 2017-18, SIRA recruited 87 roles (63 ongoing, 22 temporary and two executive placements). For these roles, SIRA has been successful in attracting talent using a number of internal avenues, which has seen a reduction in the number of roles that required external advertising. Approximately 25 per cent of SIRA vacancies were filled by utilising the mobility provisions within the GSE Act 2013. Additionally, the continued focus on building talent pools has enabled SIRA to place candidates by activating a talent pool in approximately 20 per cent of its hires.

¹ 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).

² Statistics are based on Workforce Profile census data as at 29 June 2017 and 28 June 2018.

Work, health and safety and workers compensation

SIRA has contributed to DFSI's improved workers compensation performance in recent years.

During 2017-18, SIRA had five new claims lodged with an average incurred cost of \$13,062 per claim, compared to \$36,577 in 2016-17.

Two claims were of a psychological nature, two claims from slips, trips and falls category and one was body stress (fracture to the foot).

The Employee Safety and Wellbeing team continues to actively assist business units to return injured workers within 13 weeks by identifying suitable duties and working with the workers compensation agent to effectively manage all claims.

During the year, employees had access to:

- mental health first aid officer training
- free flu vaccinations
- discounted gym memberships
- quit smoking incentives
- Employee Assistance Program with free, professional counselling service that includes the following elements:
 - a bullying response service that provided independent support and advice on workplace bullying matters
 - a critical incident support program

Flexible working

SIRA recognises that Diversity and Inclusion enables greater staff engagement and contributes to a more positive and high performing work culture. This is reflected in its support of a wide range of flexible working options available to staff to support their personal family and work life commitments, including:

- working from a number of alternative convenient work locations
- working from home
- flexible hours
- opportunity to change employment arrangements
- career break
- job sharing
- part-time work.

Our culture

In 2017-18, we held a series of engagement sessions with our team members to further explore the NSW public-sector values and continue to develop a high performance and wellbeing focused culture.

At SIRA, we want to see prevention of physical and psychological injury and good recovery from injury. We believe life can be good again after an injury and we know there are strong health benefits from participation in good safe work for people with injury or disability.

We are actively involved in diversity and inclusion programs and activities led by DFSI including the DFSI Diversity Advisory Council, DFSI Employee Resource Groups and Ambassador Network.

We aim to attract and retain a diverse team made up of highly skilled and motivated people who can make a difference to NSW.

People Matter Employee Survey

Our employees participated in the annual People Matter Employee Survey conducted by the NSW Public Service Commission, which gauges staff engagement across a number of categories.

SIRA had a strong response rate of 95 per cent and achieved sound results in comparison with the overall public sector. In particular, SIRA employees continue to highlight the positive focus on Diversity & Inclusion within SIRA and the support of flexible working.

Great Place to Work

We have a group of employees within each of our offices who work together to form Great Place to Work teams. These teams organise a range of employee-led social events that encourage networking, improve culture and give back to the community. In 2017-18, some of these events included:

- Australia's Biggest Morning Tea
- Easter Morning Tea
- Eid Al Fitr Morning Tea
- 'Fit Friday' morning tea
- Go Pink! Day (supporting the National Breast Cancer Foundation)
- Mini Winter Olympics
- War on Waste promotional event
- Winter Clothing Drive (collecting supplies for Mission Australia)
- RSPCA Cupcake Day
- R U Ok? Day Morning & Afternoon Tea's

Diversity

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark /target	2016 ^{1,2}	2017 ^{1,2}	2018 ¹
Women ³	50%	69.9%	60.3%	63.5%
Aboriginal People and/or Torres Strait Islander People ⁴	3.3%	0.9%	0.9%	1.3%
People whose first language spoken as a child was not English ⁵	23.2%	6.1%	10.3%	14.6%
People with a disability ⁶	5.6%	4.6%	5.1%	4.1%
People with a disability requiring work-related adjustment ⁶	N/A	2.0%	2.6%	2.2%

Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark /target ^{7,8}	2016	2017	2018
Women	100	95	97	97
Aboriginal People and/or Torres Strait Islander People	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	107	98	95
People with a disability	100	N/A	N/A	N/A
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

¹ Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017 and 28 June 2018.

² Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

³ The benchmark of 50 per cent for representation of women across the sector is intended to reflect the gender composition of the NSW community.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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.

⁸ 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.

Disability Inclusion Action Plan

As part of our involvement in the DFSI cluster, we have continued to be involved in the delivery of the DFSI Disability Inclusion Action Plan (DIAP). Launched in December 2015, the DIAP demonstrates our commitment to:

- increase accessibility to information, services and our workplaces for people with disability
- ensure positive attitudes and behaviours towards people with disability are evident in interactions
- find ways to attract and retain people with disability
- identify improvements in accessibility to SIRA systems and processes for people with disability.

SIRA has made a commitment to be a 'digital first' agency, and we are committed to improving the accessibility of our online content.

Diversity Advisory Council

The DFSI Diversity Advisory Council oversees the work we complete to be a diverse and inclusive agency and employer. The Council is made up of representatives from the DFSI Executive Team, including the Chief Executive of SIRA.

SIRA continues to be actively involved in the DFSI Employee Resource Groups (ERGs). The ERGs assist and inform the Diversity Advisory Council on relevant issues to support the DFSI cluster in continuing to be an inclusive employer and support the diverse NSW community. The ERGs also act as centres of expertise and advice, ensuring all staff have key contacts to reach out to for guidance.

Each ERG is made up of staff members from across DFSI. These staff volunteer to join the group due to an alignment with their personal beliefs, values or interests. The members may be part of a particular diversity group or have an interest in championing issues associated with that diversity group.

Each ERG is supported by an Executive Sponsor from the DFSI Diversity Advisory Council. These sponsors support the ERG, providing guidance and championing their initiatives. The Chief Executive of SIRA is the Executive Sponsor of **AbilityDFSI**, the ERG for people with a disability.

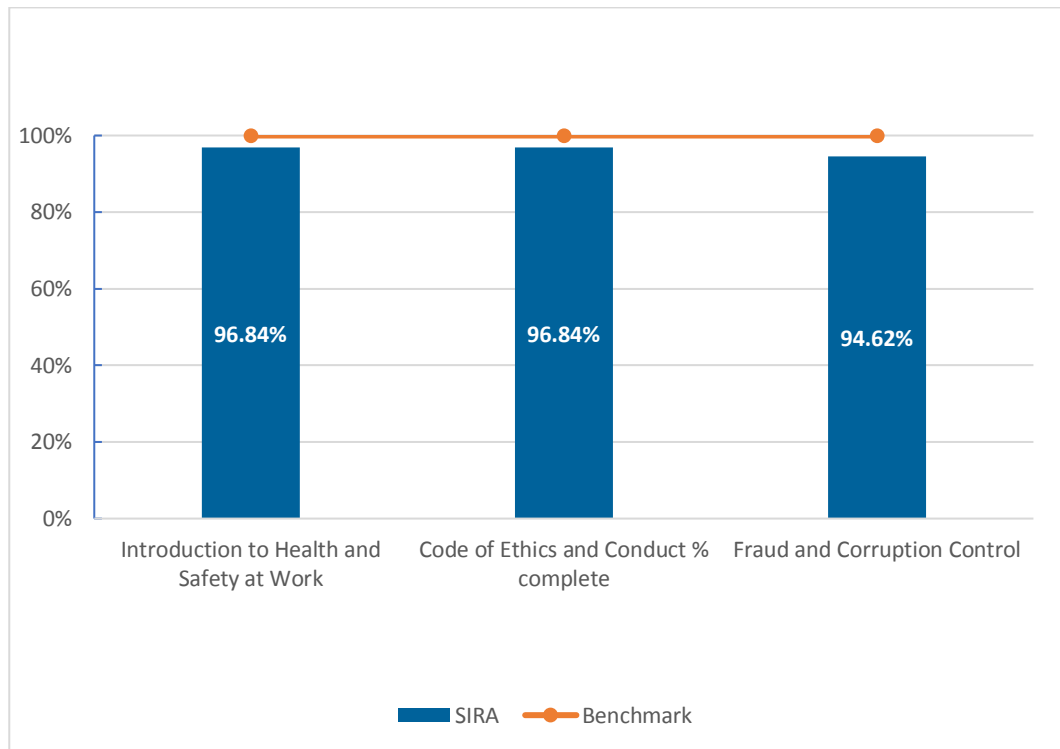
In 2017-18, SIRA staff were represented on six of the seven ERGs:

- women
- Aboriginal and Torres Strait Islander people
- people with disability
- carers
- Lesbian, Gay, Bisexual, Transgender, Intersex, Queer (LGBTIQ)
- mature age workers
- culturally and linguistically diverse people¹

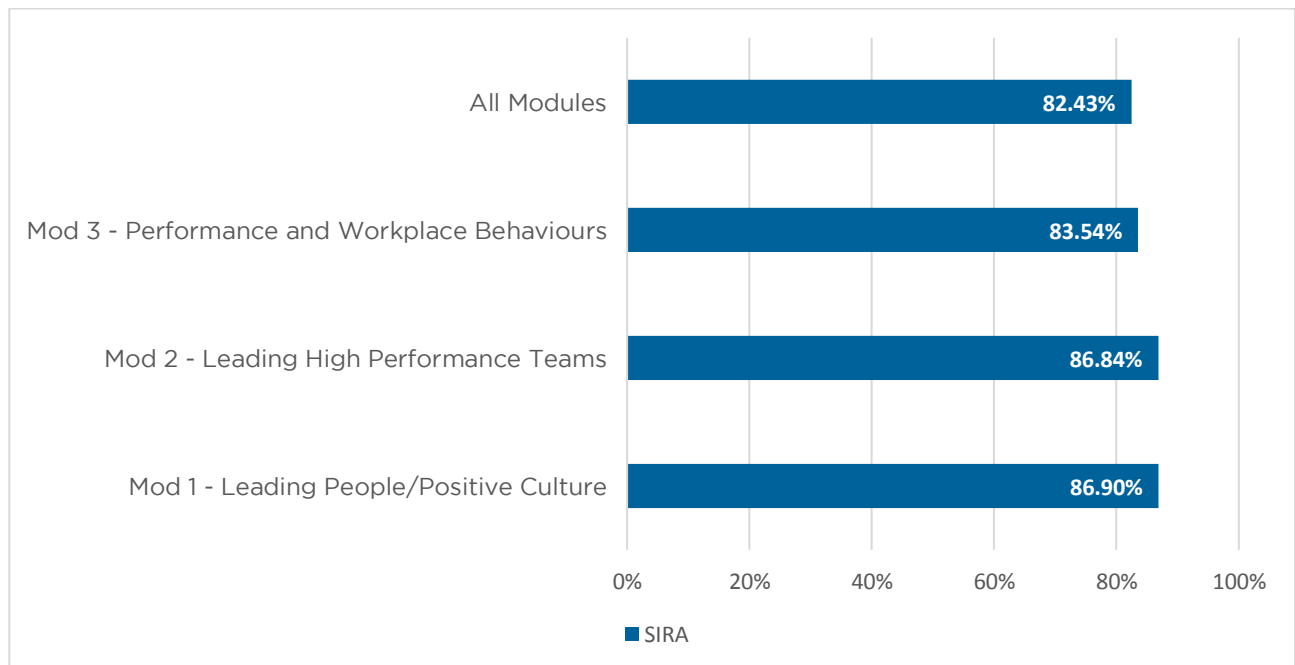
¹ No SIRA representation

Training and development

Mandatory training completion rates^{1 2}



Leadership essentials completion rates¹



¹ The number of employees assigned this training equals the number assigned in the myCareer system as per current establishments including contractors.

² New starters are required to complete training within 35 days of commencement.

Public interest disclosures

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

In 2017-18, we have made SIRA employees aware of their rights and responsibilities under the PID Act through:

- our 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 need to complete.

Zero public interest disclosures were made within SIRA in 2017-18.

Our finances

Financial landscape

SIRA is funded from the levies collected from the insurers participating in the three schemes that it regulates. The SIRA Board sets and adjusts levy rates as required to meet its regulatory activities.

These levies are collected and managed via a number of restricted use statutory funds and include:

- Workers Compensation Operational Fund
- Insurers' Guarantee Fund
- Motor Accidents Operational Fund
- Nominal Defendant Fund
- Home Building Operational Fund
- Home Building Insurers Guarantee Fund
- Terrorism Re-insurance Fund

The funds are restricted and as such, the assets and liabilities in each fund cannot be used by SIRA for any other purpose than that specified in the Acts that underpin each fund. Refer to note 20 of the Financial Statements for more detail on each Statutory fund.

These funds are administered by SIRA in accordance with the legislation.

Statement by the Chief Executive

Statement by the Chief Executive Officer

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

1. the accompanying financial statements exhibit a true and fair view of the financial position of the State Insurance Regulatory Authority as at 30 June 2018 and transactions for the year then ended; and
2. 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*, Australian Accounting Standards and the Treasurer's Directions.

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
21 September 2018**

Financial statements for the year ended 30 June 2018

Statement of comprehensive income for the year ended 30 June 2018

		Actual 2018	Budget 2018	Actual 2017
	Notes	\$'000	\$'000	\$'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	46,511	51,280	49,398
Other operating expenses	2(b)	111,089	94,051	76,655
Depreciation and amortisation	2(c)	1,183	2,232	1,266
Grants and subsidies	2(d)	5,038	12,300	4,678
Finance costs	2(e)	2,014	-	2,034
Other expenses	2(f)	373,070	402,654	350,948
Total expenses excluding losses		538,905	562,517	484,979
Revenue				
Levies, retained taxes, fees and fines	3(a)	521,195	548,784	494,644
Investment revenue	3(b)	17,988	7,619	9,717
Sale of goods and services	3(c)	6,671	5,073	21,344
Grants and contributions	3(d)	-	-	-
Other revenue	3(e)	5,358	110	3,635
Total revenue		551,212	561,586	529,340
Operating result		12,307	(931)	44,361
Gain/(loss) on disposal	4	(25)	-	(30)
Other gains / (losses)	5	(793)	(500)	(766)
Net result		11,489	(1,431)	43,565
Other comprehensive income				
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		11,489	(1,431)	43,565

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

		Actual 2018	Budget 2018	Actual 2017
	Notes	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	160,526	93,549	138,723
Receivables	7	52,345	37,698	66,899
Financial assets at fair value	8	195,410	184,674	187,735
Total current assets		408,281	315,921	393,357
Non-current assets				
Property, plant and equipment	9	1,647	7,042	3,927
Intangible assets	10	8,572	5,714	2,847
Total non-current assets		10,219	12,756	6,774
Total assets		418,500	328,677	400,131
LIABILITIES				
Current liabilities				
Payables	12	38,511	14,388	46,585
Provisions	13	13,772	29,316	15,199
Other	14	6,779	7,098	8,860
Total current liabilities		59,062	50,802	70,644
Non-current liabilities				
Payables	12	130,669	86,281	107,650
Provisions	13	11,448	13,631	12,175
Other	14	90,804	90,198	94,634
Total non-current liabilities		232,921	190,110	214,459
Total liabilities		291,983	240,912	285,103
Net assets		126,517	87,765	115,028
EQUITY				
Accumulated funds		126,517	87,765	115,028
Total equity		126,517	87,765	115,028

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Note	Accumulated funds	Total
		\$'000	\$'000
Balance at 1 July 2017		115,028	115,028
Net result for the year		11,489	11,489
Other comprehensive income		-	-
Total comprehensive income for the period		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
Balance at 1 July 2016		71,463	71,463
Net result for the period		43,565	43,565
Other comprehensive income		-	-
Total comprehensive income for the period		43,565	43,565
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfers		-	-
Balance at 30 June 2017		115,028	115,028

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

		Actual 2018	Budget 2018	Actual 2017
	Notes	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel services		(45,277)	(47,423)	(60,208)
Grants and subsidies		(5,037)	(12,300)	(4,678)
Other		(508,554)	(503,525)	(425,978)
Total payments		(558,868)	(563,248)	(490,864)
Receipts				
Sale of goods and services		13,112	5,072	29,615
Levies, retained taxes, fees and fines		528,111	546,126	499,811
Interest received		5,509	2,161	2,856
Grants and contributions		-	2,658	-
Other		33,528	(889)	38,217
Total receipts		580,260	555,128	570,499
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	21,392	(8,120)	79,635
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		5	-	7
Purchases of intangible assets, plant and equipment		(5,294)	(8,355)	(1,565)
Purchases of investments		-	(2,200)	(14,387)
Proceeds from sale of investments		5,700	7,200	3,343
Other		-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		411	(3,355)	(12,602)
NET INCREASE / (DECREASE) IN CASH		21,803	(11,475)	67,033
Opening cash and cash equivalents		138,723	105,024	71,690
CLOSING CASH AND CASH EQUIVALENTS	6	160,526	93,549	138,723

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

(a) 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 2018 have been authorised for issue by the Chief Executive Officer on 21 September 2018.

(b) Constitution and functions of the State Insurance Regulatory Authority

The Authority is constituted under the *State Insurance and Care Governance Act 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 *State Insurance and Care Governance Act 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.

(c) 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 (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*, and
- Financial Reporting Directions mandated by the Treasurer.

Property, plant and equipment and financial assets at 'fair value through profit or loss' and available for sale 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 estimates management has made are disclosed in the relevant notes to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 13 Current/non-current liabilities - provisions
- Note 14 Current/non-current liabilities - other (outstanding claims)
- Note 21 Financial instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(d) Statement of compliance

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

(e) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to not-for-profit NSW GGS entities.

Finance costs relate to the increase in the carrying amount of the outstanding claims liability that reflects the passage of time associated with the use of a discount rate in determining the value of the outstanding claims liability. (Refer to Note 14)

(f) 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.

(g) Accounting for the goods and services tax (GST)

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.

(h) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Levies, retained taxes, fees and fines

Workers Compensation Operational Fund Contribution

Contributions are made from the Workers Compensation Insurance Fund to the Workers Compensation Operational Fund which is brought to account on the basis of a fixed contribution determined after having regard to the estimate of the Authority's net operating expenses.

Self and Specialised Insurer Levy

Contributions are made to the Workers Compensation Operational Fund under Part 6 of the *Workplace Injury Management and Workers Compensation Act 1998* and are recognised when they fall due and receivable by the Authority.

Fines

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

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 of the *Motor Accidents Compensation Act 1999* and Section 10.17 of the *Motor Accidents Injuries Act 2017*. CTP levy revenue is recognised when it falls due and receivable by the Authority.

Home Building Compensation 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.

(ii) Investment revenue

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(iii) Sale of goods and services

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the goods, usually on delivery of the goods.

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

(iv) Other Revenue

Nominal Defendant Fund Contribution

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.

(v) Other gains/(losses)

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.

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.

(i) **Assets**

(i) **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 Australian Accounting Standards. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer Note 1(r)).

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.

(ii) **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. For intangible assets it is \$100,000 and above (including direct allocation of personnel service costs).

(iii) **Restoration costs**

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

(iv) **Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(v) **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 and AASB 116 Property, Plant and Equipment.

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 9 and Note 11 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 as an approximation of fair value. The Authority has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

(vi) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As 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. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

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 entity, an impairment loss is recognised in the net result.

(vii) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority.

The rates applied are:

Categories	2018	2017
	%	%
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.

(viii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

(ix) Intangible assets

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.

Amortisation is provided on a straight line basis for all intangible assets so as to write off the depreciable amount of each asset as it is consumed over its useful life.

The rates applied are:

Categories	2018	2017
	%	%
Computer software	12.5-33.0	7.70-33.0

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.

(x) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets

are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xi) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit and loss, transaction costs. The Authority determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

Fair value through profit or loss - The Authority subsequently measures investments classified as “held for trading” or designated upon initial recognition “at fair value through profit or loss” at fair value. Financial assets are classified as “held for trading” if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the net result for the year.

The IGF Investment Trust funds are 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.

The Authority seeks to manage exposure to investment risk so that it can generate sufficient returns to meet the current and future liabilities of the Insurers’ Guarantee Fund and mitigate the risk that the assets will be insufficient to meet their liabilities. Designation of investments at fair value through profit or loss is consistent with this risk management strategy as it allows for these investments to be recorded at fair value and for any gains or losses in the movement in their fair value to be recognised in the profit/loss for the period.

The movement in the fair value of the IGF Investment Trust incorporates distributions received as well as unrealised movements in fair value and is reported in the line item ‘investment revenue’.

The fair value of investments that are traded at fair value in an active market is determined by reference to quoted current bid prices at the close of business on the statement of financial position date.

(xii) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. Financial assets 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. For certain categories of financial assets, such as trade receivables, the Authority first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are

assessed for impairment on a collective basis if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, 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, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xiii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire, or if the Authority transfers the financial asset:

- where substantially all the risks and rewards have been transferred, or
- where the Authority has not transferred substantially all the risks and rewards if the Authority has not retained control.

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.

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 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 recognised in the net result.

(xiv) Other assets

Other assets are recognised on a historical cost basis.

(j) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Personnel services and other provisions

The Authority received personnel services from the Department of Finance, Services and Innovation (DFSI).

(a) Salaries and wages, annual leave, sick leave and on-costs

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.

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* (although short-cut methods are permitted). Actuarial advice obtained by NSW Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9 per cent of the nominal value of 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 when 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.

(b) Long service leave and superannuation

The liability for long service leave is recognised in the provision for personnel services and measured as the present value of expected future payments to be made in respect of personnel services received up to the reporting date. Consideration is given to salary levels, long service leave balance, assumed rates of taking leave in service, rates of death, disablement, retirement, and resignation, and rates of salary escalation.

Expected future payments (over twelve months) are discounted using markets yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. The calculation is performed by a qualified actuary. The discount rate used is 2.60 per cent (2017 2.60 per cent).

The defined benefit superannuation liability is 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 Other personnel services revenue as this relates to personnel services.

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.

(c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(iii) Restoration provision (building leases)

A restoration provision is recognised for the estimate of future payments for restoration upon the termination of the leases of the current office premises.

(k) Other provisions

Other provisions exist when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation.

(l) 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 an 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.

A number of the Authority's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. 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.

Refer to Note 11 and Note 21 for further disclosures regarding fair value measurements of non-financial and financial assets.

(m) Net claims incurred

Net claims incurred include claims paid and the movement in the provision for outstanding claims liabilities. The provision for outstanding claims liabilities includes claims incurred but not yet paid, incurred but not yet reported and allowances for the costs of claims administration. An assessment of outstanding claims by independent actuarial consultants is undertaken in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets for the majority of the Authority's compensation schemes to determine the central estimate of that liability which is brought to account.

(n) Grants

The Authority provides grants to support registered trade unions and employer associations to assist their members to implement occupational health and safety, workers compensation legislation and road safety programs. It also provides research grants to independent organisations to undertake commissioned research into occupational health and safety, injury management issues and motor accident rehabilitation. As payment of the grant is conditional on the completion of significant future milestones, the cost of these grants are recognised progressively as milestones are met.

(o) Provision for outstanding Nominal Defendant claims

The liability for outstanding Nominal Defendant claims for financial reporting purposes are valued by an independent professional claims assessor.

(p) Other expenses

Other expenses include the cost of funding the Workers Compensation Commission, the Workers Compensation Independent Review Officer, Independent Legal Assistance and Review Service and Safework NSW.

Workers Compensation Commission

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

The Workers Compensation 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 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 service that is accessible, approachable and professional
- To communicate effectively with our stakeholders
- To reduce administrative costs to the workers compensation scheme

The Authority is responsible for funding the costs of operation of the Commission including the remuneration (and allowances) of the members and of the staff of the Commission, and the remuneration of approved medical specialists.

Workers Compensation Independent Review Officer

The Workers Compensation Independent Review Officer (WIRO) was established on 1 September 2012 pursuant to the *Workplace Injury Management and Workers Compensation Act 1998* and commenced operations on 1 October 2012. The functions of WIRO are:

- To deal with complaints made to the Independent Review Officer under Division 2 of the *Workplace Injury Management and Workers Compensation Act 1998*.
- To review work capacity decisions of insurers under Division 2 (Weekly compensation by way of income support) of Part 3 of the 1987 Act
- 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.

The Authority is responsible for funding the remuneration of the Independent Review Officer and staff of the Independent Review Officer and costs incurred in connection with the exercise of the functions of the Independent Review Officer.

Independent Legal Assistance and Review Service (ILARS)

The Minister established the Independent Legal Assistance and Review Service (ILARS) to facilitate the provision of legal services at no cost to injured workers, in respect to their claims for compensation.

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 on an accrual basis.

The Authority has delegated this function to WIRO to administer.

Safework NSW

The *State Insurance & Care Governance Act 2015* (SICG) was proclaimed effective 1 September 2015 to implement structural changes to the NSW workers compensation system and related compensation agencies. The SICG Act established SafeWork NSW as an independent workplace safety regulator.

Safework's principal objectives are covered under Section 152 of the *Work Health and Safety Act 2011* as follows:

- (a) to advise and make recommendations to the Minister and report on the operation and effectiveness of this Act,
- (b) to monitor and enforce compliance with this Act,

- (c) to provide advice and information on work health and safety to duty holders under this Act and to the community,
- (d) to collect, analyse and publish statistics relating to work health and safety,
- (e) 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,
- (f) to promote and support education and training on matters relating to work health and safety,
- (g) to engage in, promote and co-ordinate the sharing of information to achieve the object of this Act, including the sharing of information with a corresponding regulator,
- (h) to conduct and defend proceedings under this Act before a court or tribunal,
- (i) any other function conferred on the regulator by this Act.

The Authority is responsible for funding the remuneration, allowances, office accommodation and other associated costs of Safework NSW.

(q) Equity

Accumulated funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(r) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfer of programs / functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities.

Transfers arising from an administrative restructure involving not for profit and for profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise the asset.

(s) Budgeted amounts

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 (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 19.

(t) Comparative information

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

(u) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year.

(ii) Issued but not yet effective

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

The following new Australian Accounting Standards have not been applied and are not yet effective. The impact of AASB 16 *Leases* and AASB 1058 *Income for Not-for-profit Entities* are being assessed.

- AASB 9 *Financial Instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-profit Entities*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts*
- AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB4*

2. Expenses excluding losses

	2018	2017
	\$'000	\$'000
(a) Personnel services		
Salaries and wages (including annual leave)	32,496	40,312
Superannuation - defined contribution plans	2,516	2,936
Superannuation - defined benefit plans	528	809
Long service leave	543	(2,343)
Workers' compensation insurance	409	308
Payroll tax and fringe benefit tax	1,885	2,382
Agency short-term staff	8,134	4,994
	46,511	49,398
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	80	80
- internal audit and reviews	126	280
Operating lease rental expense		
- minimum lease payments	2,473	2,141
- other related expenses	3,660	2,731
Maintenance	1,170	1,130
Computer support & software licence costs	9,438	4,840
Fees - Assessors	22,558	16,615
Fees - Services	16,607	14,005
Fees - Other	4,397	1,721
Advertising, promotion and publicity	2,437	805
Board & Committee fees	612	484
Compensation Court	1,198	1,125
Consultants- Actuarial fees	5,228	7,731
Consultants- Other	132	1,275
Contractors - Fee for Service	27,114	8,982
Legal Fees	864	248
Travel & vehicle expenses	295	352
Communication expenses	1,651	1,944
Printing	527	251
Stores	768	790
Training	493	643
Vocational and rehabilitation programs	6,716	6,294
Bad debts	-	562
Other miscellaneous	2,545	1,626
	111,089	76,655

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.

	2018	2017
	\$'000	\$'000
(c) Depreciation and amortisation expenses		
Depreciation		
- Leasehold improvements & restoration	213	518
- Office machines and equipment	6	7
- Furniture and fittings (incl. Library)	5	45
- Computer hardware	396	475
	620	1,045
Amortisation		
- Computer software internally generated	481	139
- Computer software purchased	82	82
	563	221
Total depreciation and amortisation	1,183	1,266
(d) Grants and subsidies		
Road Safety	4,745	4,020
Other	293	658
	5,038	4,678
(e) Finance costs		
Unwinding of discount rate- Judges pension	300	300
Unwinding of discount rate- Claims	1,714	1,734
	2,014	2,034
(f) Other expenses		
Net claims incurred (excluding Finance costs)	2,257	(2,111)
Workers Compensation Commission	26,283	23,090
Workers Compensation Independent Review Officer	57,808	56,446
Safework NSW	122,847	112,105
Bulk Billing Fees - Ambulance Service of NSW	43,977	40,437
Bulk Billing Fees - NSW Ministry of Health	115,954	116,709
Processing Fees - Roads and Maritime Service	3,944	4,272
	373,070	350,948
Net claims incurred		
Finance costs- Claims (Note 2(e))	1,714	1,734
Net claims incurred (excluding Finance costs) (Note 2(f))	2,257	(2,111)
	3,971	(377)

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

	Claims paid 2018	Finance Costs 2018	Movement in claims liability 2018	Net claims incurred 2018	Net claims incurred 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurers' Guarantee Fund	4,684	1,714	(2,891)	3,507	(1,857)
Nominal Defendant Fund	513	-	(49)	464	1,480
	5,197	1,714	(2,940)	3,971	(377)

Details of expenses incurred by the **Workers Compensation Commission** are:

	2018	2017
	\$'000	\$'000
Personnel services		
Salaries and allowances (including annual leave)	8,966	8,037
Other	2,141	1,635
Total personnel service costs	11,107	9,672
Other operating expenses		
Operating lease rental expenses	1,684	1,623
Consultants	-	2
Contractors	325	122
Payments to arbitrators	4,151	2,868
Payments to approved medical specialists (AMS)	4,607	3,912
Payments for medical appeals panels	1,008	1,223
Payments for mediators	1,292	1,368
Other miscellaneous expenses	2,020	2,247
Total other operating expenses	15,087	13,365
Depreciation and amortisation	364	53
Total depreciation and amortisation	364	53
Less:		
Sundry Income	275	-
Total Workers Compensation Commission	26,283	23,090

Details of expenses incurred by the **Workers Compensation Independent Review Officer** are:

	2018	2017
	\$'000	\$'000
Personnel services		
Salaries and allowances (including annual leave)	3,733	4,011
Other	2,470	1,505
Total personnel service costs	6,203	5,516
Other operating expenses		
Operating lease and rental expenses	313	296
Consultants	4	-
Contractors	147	-
ILARS	50,465	49,864
Other miscellaneous expenses	676	770
Total other operating expenses	51,605	50,930
Total Workers Compensation Independent Review Officer	57,808	56,446

Details of expenses incurred by the **Safework NSW** are:

Personnel Services		
Salaries and allowances	53,864	51,303
Other	13,132	8,587
Total personnel services costs	66,996	59,890
Other operating expenses		
Agency short term staff	2,055	1,732
Operating lease expenses	7,310	4,942
Consultants	275	262
Contractors	6,714	4,457
Fees - Shared Services	37,106	38,733
Fees - Other	7,652	6,091
Advertising	3,977	3,996
Grants and Subsidies	3,436	3,599
Other operating expenses	13,328	11,307
Total Other Operating expenses	81,853	75,119
Depreciation and amortisation	1,641	1,048
Total depreciation and amortisation	1,641	1,048
Total expenses	150,490	136,057

	2018	2017
	\$'000	\$'000
<i>Less:</i>		
Income		
Levies, retained taxes, fees and fines	16,890	15,504
Sale of goods and services	5,568	3,852
Grants and contributions	4,013	3,144
Other revenue	1,826	2,019
Total income	28,297	24,519
Gain/(Loss) on disposal	416	53
Other losses	(1,070)	(620)
Total Safework NSW	122,847	112,105
3. Revenue		
(a) Levies, retained taxes, fees and fines		
Levies and retained taxes		
Workers Compensation Operational Fund Contribution	220,604	213,707
Self and specialised insurers	41,968	40,805
Insurers' Guarantee Fund	(7,852)	(8,850)
CTP Premium Levy	259,064	246,009
Home Building Operational Fund Contribution	5,358	2,084
	519,142	493,755
Fees		
Accreditation	10	2
Other	127	91
	137	93
Fines		
Workers compensation s156 recoveries	1,873	784
Infringement notices	43	12
	1,916	796
Total Levies, retained taxes, fees and fines	521,195	494,644
(b) Investment revenue		
Interest revenue from bank interest	4,613	1,578
TCorp Hour-Glass investment funds	-	278
TCorp managed funds	13,375	6,320
Other income	-	1,541
	17,988	9,717

	2018	2017
	\$'000	\$'000
(c) Sale of goods and services		
Fees for Services rendered to other Agencies	6,669	21,330
Other	2	14
	6,671	21,344
(d) Grants and contributions		
Fair Trading Home Building Warranty Contribution	-	-
	-	-
(e) Other revenue		
Distribution from liquidator - IGF	23	198
Nominal Defendant Fund reinsurance recoveries	299	869
Superannuation defined benefit contribution	516	803
Other	4,520	1,765
	5,358	3,635
4. Gain/(Loss) on disposal		
Net gain/(loss) on disposal of property, plant and equipment and intangibles	(25)	(30)
	(25)	(30)
5. Other gains/(losses) on disposal		
Allowance for impairment of receivables	(793)	(766)
	(793)	(766)
6. Current assets - cash and cash equivalents		
Cast at bank and on hand	160,526	138,723
	160,526	138,723
For the purposes of the Statement of cash flows, cash and cash equivalents includes cash at bank and on hand.		
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:		
Cash and cash equivalent assets (per Statement of financial position)	160,526	138,723
Closing cash and cash equivalents (per Statement of cash flows)	160,526	138,723
Refer to Note 21 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.		

	2018	2017
	\$'000	\$'000
7. Current/non-current assets – receivables		
Current		
Receivables	23,936	38,260
Less allowance for impairment	(2,595)	(1,802)
Prepayments	2,099	3,976
CTP premium levy receivable	28,905	26,465
Total receivables	52,345	66,899
Movement in the allowance for impairment		
Balance at start of period	(1,802)	(1,080)
Amounts written off during the year	-	44
(Increase)/decrease in allowance recognised in profit or loss	(793)	(766)
Balance at end of period	(2,595)	(1,802)

Details regarding credit risk of trade debtors that are either past due but not impaired, are disclosed in Note 21.

8. Financial assets at fair value

Current

TCorp managed funds	195,410	187,735
Total financial assets	195,410	187,735

These assets relate to the Insurers' Guarantee Fund 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.

Financial assets are classified as current and non-current depending upon the amount expected to be consumed or converted into cash within 12 months of balance date except where they are classified as available for sale - held for trading where they are shown as current assets.

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

9. Non-current assets – property, plant and equipment

	At 1 July 2017			At 30 June 2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements and restoration	22,488	(19,378)	3,110	19,436	(18,222)	1,214
Office machines and equipment	215	(196)	19	199	(188)	11
Furniture and fittings	197	(192)	5	171	(171)	-
Computer hardware	3,741	(2,948)	793	3,101	(2,679)	422
Total	26,641	(22,714)	3,927	22,907	(21,260)	1,647

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:

	Net carrying amount at start of period	Additions and transfers	Disposals	Write-back of depreciation on disposal	Depreciation expense	Net carrying amount at end of period
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements and restoration	3,110	1,036	(4,088)	1,369	(213)	1,214
Office machines and equipment	19	-	(17)	15	(6)	11
Furniture and fittings	5	-	(26)	26	(5)	-
Computer hardware	793	59	(698)	664	(396)	422
Total	3,927	1,095	(4,829)	2,074	(620)	1,647

	At 1 July 2016			At 30 June 2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements and restoration	24,574	(23,472)	1,102	22,488	(19,378)	3,110
Office machines and equipment	283	(243)	40	215	(196)	19
Furniture and fittings	197	(157)	40	197	(192)	5
Computer hardware	5,188	(4,212)	976	3,741	(2,948)	793
Total	30,242	(28,084)	2,158	26,641	(22,714)	3,927

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:

	Net carrying amount at start of period	Additions and transfers	Disposals	Write-back of depreciation on disposal	Depreciation expense	Net carrying amount at end of period
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements and restoration	1,102	2,530	(4,616)	4,612	(518)	3,110
Office machines and equipment	40	7	(21)	-	(7)	19
Furniture and fittings)	40	10	-	-	(45)	5
Computer hardware	976	320	(1,767)	1,739	(475)	793
Total	2,158	2,867	(6,404)	6,351	(1,045)	3,927

10. Intangible assets

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

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets at the beginning and end of the current reporting period is set out below:

	Internally generated computer software	Computer software purchased	Software WIP	Total
	\$'000	\$'000	\$'000	\$'000
Net carrying amount at start of period	265	439	2,143	2,847
Additions/transfers	4,168	(227)	3,217	7,158
Disposals	(591)	(940)	(857)	(2,388)
Write back of amortisation on disposal	578	940	-	1,518
Amortisation expense	(481)	(82)	-	(563)
Net carrying amount at end of period	3,939	130	4,503	8,572

	Internally generated computer software	Computer software purchased	Software WIP	Total
At 1 July 2016	\$'000	\$'000	\$'000	\$'000
Cost (gross carrying amount)	15,253	6,464	99	21,816
Accumulated amortisation and impairment	(15,041)	(5,944)	-	(20,985)
Net carrying amount	212	520	99	831
At 30 June 2017				
Cost (gross carrying amount)	12,776	6,156	2,143	21,075
Accumulated amortisation and impairment	(12,511)	(5,717)	-	(18,228)
Net carrying amount	265	439	2,143	2,847

Reconciliation

A reconciliation of the carrying amount of each class of intangible assets 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
Net carrying amount at start of period	212	520	99	831
Additions/transfers	213	1	2,044	2,258
Disposals	(21)	(309)	-	(330)
Write back of amortisation on disposal	-	309	-	309
Amortisation expense	(139)	(82)	-	(221)
Net carrying amount at end of period	265	439	2,143	2,847

11. Fair value measurement of non-financial assets

NSW Treasury Policy paper 14-01 "Valuation of Physical Non-Current Assets at Fair Value" allows non-specialised assets with short useful lives to be recognised at depreciated historical cost as a surrogate for fair value.

The Authority holds non-specialised assets with short useful lives. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Non-financial assets measured using depreciated historical cost as a surrogate for fair value do not require fair value hierarchy disclosures under AASB 13 "Fair Value Measurement".

12. Current/non-current liabilities – payables

	2018	2017
	\$'000	\$'000
Current		
Accrued salaries, wages and on-costs	3,012	587
Creditors	30,920	38,855
Accrued bulk billing fees	4,579	7,143
	38,511	46,585
Non-current		
Creditors	124,152	101,191
Surplus funds repayable	6,517	6,459
	130,669	107,650
Total payables	169,180	154,235

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

13. Current/non-current liabilities – provisions

	2018	2017
Current		
Personnel services and related on-costs		
Annual leave entitlements including on-costs	2,989	3,140
Long service leave entitlements including on-costs	8,983	10,259
Other		
Compensation Court judges pension	1,800	1,800
	13,772	15,199
Non-current		
Long service leave entitlements including on-costs	449	214
Compensation Court judges pension	9,600	10,200
Restoration costs – leased buildings	1,399	1,761
	11,448	12,175
Total provisions	25,220	27,374
Aggregate employee benefits and related on-costs		
Provisions – current	11,972	13,399
Provisions – non-current	449	214
Accrued salaries, wages and on-costs (Note 12)	3,012	587
	15,433	14,200

Provisions include amounts due to the Department of Finance, Services and Innovation (DFSI) for employee entitlements for leave and associated on-costs and superannuation. (Refer Note 1(j)(ii)).

AASB 101 Presentation of Financial Statements stipulates that liabilities must be classified as current where the agency does not have an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. The entitlement to long service leave once seven years' service has been reached by DFSI employees is unconditional and accordingly all of this leave and associated on-costs have been classified as current. Long service leave is recognised after five years and as the taking of this leave is conditional until seven years' service is reached this leave and associated on-costs have been classified as non-current.

It is expected that the current leave provisions and related on-costs will be settled over the following period:

	2018	2017
	\$'000	\$'000
<u>Expected to be settled no more than 12 months</u>		
Annual leave and related on-costs	2,989	3,140
Long service leave and related on-costs	999	616
	3,988	3,756
<u>Expected to be settled after more than 12 months</u>		
Long service leave and related on-costs	7,984	9,643

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
2018			
Carrying amount at the beginning of period	12,000	1,761	13,761
Amount used/provision derecognised	(1,977)	(362)	(2,339)
Unwinding of discount rate	300	-	300
Change in the discount rate	-	-	-
Changes in other actuarial assumptions	1,077	-	1,077
Carrying amount at end of period	11,400	1,399	12,799
2017			
Carrying amount at the beginning of period	12,898	1,923	14,821
Amount used/provision derecognised	(1,198)	(162)	(1,360)
Unwinding of discount rate	(300)	-	(300)
Change in the discount rate	(300)	-	(300)
Changes in other actuarial assumptions	900	-	900
Carrying amount at end of period	12,000	1,761	13,761

Judges pensions

The *Compensation Court Repeal Act 2002* abolished the Compensation Court from 1 January 2004 and transferred the Court's jurisdiction to the Workers Compensation 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 *Workplace Injury and Workers Compensation Act 1998*.

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

	2018	2017
	%	%
Discount rate	2.50	2.50
Future salary growth	2.50	2.50

14. Current/Non-Current Liabilities - Other (Outstanding claims)

(a) Details of the nature of outstanding claims are provided in Note 20

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

The dissection of the total liability by Scheme is:

	2018	2017
	\$'000	\$'000
Insurer's Guarantee Fund comprising:		
- Non-HIH	61,752	73,077
- HIH Insurance Co. Ltd.	33,950	28,487
Total Insurer's Guarantee Fund	95,702	101,564
Nominal Defendant Fund	1,881	1,930
Total outstanding claims	97,583	103,494
Expected future claims payments	128,428	123,345
Claims handling expenses	18,809	31,196
Discount to present value	(49,654)	(51,047)
Liability for outstanding claims	97,583	103,494
Current	6,779	8,860
Non-current	90,804	94,634
Liability for outstanding claims	97,583	103,494
Outstanding claims valued in accordance with AASB 137		
Carrying amount at start of period	103,494	110,753
Amounts used	(5,197)	(3,385)
Finance cost - unwinding of the discount rate	1,714	1,734
Change in discount rate	2,873	(7,515)
Increase/(Decrease) in amounts provided	(5,301)	1,907
Carrying amount at end of period	97,583	103,494

(b)
The

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

	2018	2017
	Years	Years
Insurer's Guarantee Fund	11.8	10.9

(c) 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:

	%	%
Inflation rate	2.40	2.69
Discount rate	2.06	1.75

(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:

	2018	2017
	%	%
Inflation rate	2.54-3.50	2.46-3.08
Discount rate	2.25-5.50	2.01-4.23

(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:

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

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

	2018	2017
	\$'000	\$'000
Net cashflows from operating activities	21,392	79,635
Depreciation and amortisation	(1,183)	(1,266)
Allowance for Impairment	(793)	(766)
Gain/(Loss) on disposal of non-current assets	(25)	(30)
Unrealised investment income	13,371	7,227
<u>Change in assets and liabilities</u>		
Increase/(Decrease) in receivables: current	(13,761)	(13,730)
Increase/(Decrease) in receivables: non-current	-	-
Decrease/(Increase) in payables: current	7,442	(27,426)
Decrease/(Increase) in payables: non-current	(23,019)	(19,581)

	2018	2017
Decrease/(Increase) in provisions: current	1,427	10,974
Decrease/(Increase) in provisions: non-current	727	1,269
Decrease/(Increase) in other liabilities: current	2,081	(245)
Decrease/(Increase) in other liabilities: non-current	3,830	7,504
Net result	11,489	43,565

16. Commitments for expenditure

	2018	2017
Operating lease commitments	\$'000	\$'000
Future non-cancellable operating lease rentals not provided for and payable:		
Not Later than one year	3,230	4,163
Later than one year but not later than five years	12,133	15,948
Later than five years	12,490	19,367
Total (including GST)	27,853	39,478

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

Lease commitments for the Authority include input tax credits of 2018 \$2.532m (2017 \$3.589m) are expected to be recoverable from the Australian Taxation Office.

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

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

As of 30 June 2018, the Authority held deposits and bank guarantees to the value of \$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 2018 was \$32k (2017 \$160k). A reconciliation of the movement in deposits and bank guarantees held by the Authority follows:

	2018	2017
	\$m	\$m
Balance at beginning of period	1,376	1,343
Deposits and guarantees lodged	554	516
Deposits and guarantees returned	(632)	(483)
Balance at end of period	1,298	1,376

18. 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 a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed when the realisation of revenue or expected recovery is probable.

The Authority does not have any known contingent liabilities or assets at reporting date. (2017 Nil).

19. Budget review

Net result

The net result is \$12.9m favourable to budget due to higher levels of CTP levy premiums received than anticipated and lower expenditure required to support the funding of the Workers Compensation Independent Review Officer and Safework NSW.

Assets and liabilities

Total assets are \$89.8m favourable to budget, primarily due to more operational cash received than required and better returns for the IGF Investment Fund increasing the overall level of the Investment Fund.

The liabilities are \$51.1m unfavourable to budget due to an increase in the payable associated with the IGF surplus with the reduction in liability and increase in the IGF

Cash flows

The variances in cash flows are principally a result of more operational cash received than required during the year.

20. Restricted assets and liabilities (funds)

The Authority has direction and management responsibilities for a number of separate restricted use statutory funds. The assets and liabilities in each statutory 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:

a. Workers Compensation Operational Fund

This fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act 1998*. It is primarily 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, the Workers' Compensation Commission responsible for the determination of workers compensation disputes and payments to the Workers Compensation Independent Review Officer (WIRO) to deal with complaints made.

b. Insurers' Guarantee Fund

As a consequence of National Employers' Mutual General Insurance Association Limited being placed into provisional liquidation on 1 May 1990, the Insurers' Guarantee Fund 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.

c. Motor Accidents Operational Fund

This fund is constituted under Section 212 of the Motor Accidents Compensation Act 1999 and Section 10.12 of the *Motor Accidents Injuries Act 2017*. It is funded from levies on Compulsory Third Party (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 *Motor Accidents Compensation Act 1999* and *Motor Accidents Injuries Act 2017*.

d. Nominal Defendant Fund

Under the *Motor Accidents Compensation Act 1999* and the *Motor Accidents Injuries Act 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 2018, 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

e. Home Building Operational Fund

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

f. Home Building Insurers Guarantee Fund

The Fund is constituted under Section 103OA 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.

g. Terrorism Re-insurance Fund

Section 239AE of the *Workers Compensation Act 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.

Statement of comprehensive income for the year ended 30 June 2018

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses including losses												
Operating expenses												
Personnel services	21,263	34,127	-	-	24,658	15,005	-	-	590	266	46,511	49,398
Other operating expenses	38,208	36,168	2,073	1,438	65,396	39,009	-	(503)	5,412	543	111,089	76,655
Depreciation and amortisation	887	1,111	-	1	296	154	-	-	-	-	1,183	1,266
Grants and subsidies	293	658	-	-	4,745	4,020	-	-	-	-	5,038	4,678
Finance costs	300	300	1,714	1,734	-	-	-	-	-	-	2,014	2,034
Other expenses	206,938	191,641	1,793	(3,591)	163,875	161,417	464	1,481	-	-	373,070	350,948
Total expenses excluding losses	267,889	264,005	5,580	(418)	258,970	219,605	464	978	6,002	809	538,905	484,979
Revenue												
Levies, retained taxes, fees and fines	264,594	255,402	(7,852)	(8,850)	259,095	246,008	-	-	5,358	2,084	521,195	494,644
Investment revenue	1,854	631	13,404	8,234	2,565	743	165	109	-	-	17,988	9,717
Sale of goods and services	6,671	21,342	-	-	-	2	-	-	-	-	6,671	21,344
Grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	1,206	1,382	28	200	3,825	1,184	299	869	-	-	5,358	3,635
Total revenue	274,325	278,757	5,580	(416)	265,485	247,937	464	978	5,358	2,084	551,212	529,340
Operating Result	6,436	14,752	-	2	6,515	28,332	-	-	(644)	1,275	12,307	44,361
Other gains/(losses)	(793)	(766)	-	-	-	-	-	-	-	-	(793)	(766)
Net result	5,618	13,965	-	-	6,515	28,325	-	-	(644)	1,275	11,489	43,565
TOTAL COMPREHENSIVE INCOME	5,618	13,965	-	-	6,515	28,325	-	-	(644)	1,275	11,489	43,565

Statement of financial position as at 30 June 2018

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current assets												
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
Receivables	19,950	33,982	436	444	30,994	31,241	903	1,231	62	-	52,345	66,898
Financial assets at fair value	-	-	195,410	187,735	-	-	-	-	-	-	195,410	187,735
Total current assets	91,392	91,270	196,679	189,164	110,901	103,116	8,398	8,389	911	1,417	408,281	393,356
Non-current assets												
Property, plant and equipment	1,647	3,926	-	-	-	1	-	-	-	-	1,647	3,927
Intangible assets	785	1,130	-	-	7,787	1,717	-	-	-	-	8,572	2,847
Total non-current assets	2,432	5,056	-	-	7,787	1,718	-	-	-	-	10,219	6,774
Total assets	93,824	96,326	196,679	189,164	118,688	104,834	8,398	8,389	911	1,417	418,500	400,130
LIABILITIES												
Current liabilities												
Payables	17,514	32,734	1,037	198	19,799	13,564	-	-	161	89	38,511	46,585
Provisions	7,740	10,489	-	-	5,913	4,657	-	-	119	53	13,772	15,199
Other	-	-	4,779	6,930	-	-	1,881	1,930	-	-	6,660	8,860
Total current liabilities	25,254	43,223	5,816	7,128	25,712	18,221	1,881	1,930	280	142	58,943	70,644

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities												
Payables	24,212	13,788	99,940	87,402	-	-	6,517	6,459	-	-	130,669	107,649
Provisions	10,745	11,319	-	-	703	856	-	-	-	-	11,448	12,175
Other	-	-	90,923	94,634	-	-	-	-	-	-	90,923	94,634
Total non-current liabilities	34,957	25,107	190,863	182,036	703	856	6,517	6,459	-	-	233,040	214,458
Total liabilities	60,211	68,330	196,679	189,164	26,415	19,077	8,398	8,389	280	142	291,983	285,102
Net assets	33,613	27,996	-	-	92,273	85,757	-	-	631	1,275	126,517	115,028
EQUITY												
Accumulated funds	33,613	27,996	-	-	92,273	85,757	-	-	631	1,275	126,517	115,028
Total equity	33,613	27,996	-	-	92,273	85,757	-	-	631	1,275	126,517	115,028

Statement of cash flows for the year ended 30 June 2018

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES												
Payments												
Personnel services	(24,178)	(44,927)	-	-	(20,576)	(15,069)	-	-	(523)	(212)	(45,277)	(60,208)
Grants and subsidies	(292)	(658)	-	-	(4,745)	(4,020)	-	-	-	-	(5,037)	(4,678)
Other	(266,506)	(217,170)	(6,059)	(9,574)	(230,068)	(198,219)	(369)	(550)	(5,552)	(465)	(508,554)	(425,978)
Total payments	(290,976)	(262,755)	(6,059)	(9,574)	(255,389)	(217,308)	(369)	(550)	(6,075)	(677)	(558,868)	(490,864)
Receipts												
Sale of goods and services	13,112	29,613	-	-	-	2	-	-	-	-	13,112	29,615
Levies, retained taxes, fees and fines	266,100	256,388	-	-	256,653	241,339	-	-	5,358	2,084	528,111	499,811
Interest received	2,129	585	29	1,456	3,010	751	341	64	-	-	5,509	2,856
Grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	23,966	34,079	178	3,454	8,870	586	365	88	149	10	33,528	38,217
Total receipts	305,307	320,665	207	4,910	268,533	242,678	706	152	5,507	2,094	580,260	570,499
NET CASH FLOWS FROM OPERATING ACTIVITIES	14,331	57,910	(5,852)	(4,664)	13,144	25,370	337	(398)	(568)	1,417	21,392	79,635

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'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	7	-	-	-	-	-	-	-	-	5	7
Purchases of property, plant and equipment	(182)	(382)	-	-	(5,112)	(1,183)	-	-	-	-	(5,294)	(1,565)
Purchase of investments	-	-	-	(14,387)	-	-	-	-	-	-	-	(14,387)
Proceeds from the sale of investments	-	-	5,700	3,343	-	-	-	-	-	-	5,700	3,343
NET CASH FLOWS FROM INVESTING ACTIVITIES	(177)	(375)	5,700	(11,044)	(5,112)	(1,183)	-	-	-	-	411	(12,602)
NET INCREASE/(DECREASE) IN CASH	14,154	57,535	(152)	(15,708)	8,032	24,187	337	(398)	(568)	1,417	21,803	67,033
Opening cash and cash equivalents	57,288	(247)	985	16,693	71,875	47,688	7,158	7,556	1,417	-	138,723	71,690
Cash transferred in as a result of administrative restructure	-	-	-	-	-	-	-	-	-	-	-	-
CLOSING 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

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 continual basis.

(a) Financial instrument categories

		Category	Carrying amount 2018	Carrying amount 2017
Financial assets	Notes		\$'000	\$'000
Class:				
Cash and cash equivalents	6	N/A	160,526	138,723
Receivables 1	7	Loans and receivable at amortised cost	10,574	12,018
Financial assets at fair value	8	Financial assets at fair value through profit or loss – designated as such upon initial recognition	195,410	187,735
Financial liabilities				
Class:				
Payables 2	12	Financial liabilities (at amortised cost)	31,269	33,184

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).

(b) 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 impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables and other 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 TCorp are guaranteed by the State.

Cash

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 NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivable - trade debtors

All trade debtors are recognised as amounts receivable as at balance date. 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. Debts which are known to be uncollectible are written off. 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. There is no independently assessed rating of the clients other than past experience and their compliance with credit terms, these credit terms are monitored by management on a monthly basis. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due and less than 30 days past due \$6.4m (2017 \$10.9m) are not considered impaired. Together, these represent 60 per cent (2017 95 per cent) of the total trade debtors.

Details of the Authority's past due debtors follows:

	Total	Past due but not impaired	Considered impaired
	\$'000	\$'000	\$'000
2018			
< 3 months overdue	1,963	1,963	-
3 months - 6 months overdue	322	322	-
> 6 months overdue	1,861	1,861	-
2017			
< 3 months overdue	436	436	-
3 months - 6 months overdue	624	624	-
> 6 months overdue	47	47	-

Notes:

1. Each column in the table reports 'gross receivables'
2. The aging analysis excludes statutory receivables, as they are not within the scope of ASSB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(c) 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 year or prior year, there are no defaults of loans payable. No assets have been pledged as collateral. The entity's exposure to liquidity risk is deemed to be insignificant based on prior periods' data and current risk assessment.

The 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 2018. (\$nil 2017)

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective interest rate	Nominal amount ¹	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
2018								
Payables	N/A	31,269	-	-	31,269	31,269	-	-
2017								
Payables	N/A	33,184	-	-	33,184	33,184	-	-

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 tables include both interest (if applicable) and principal cash flows and therefore may not reconcile to the statement of financial position.

(d) 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, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. 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 TCorp IGF Investment Trust.

Market risk arises as a result of the Authority holding and trading investments as part of its asset allocation.

The Authority seeks to manage exposure to market risk so that it can generate sufficient returns to meet its current and future liabilities and mitigate the risk that the Authority's investments will be insufficient to meet such liabilities. The Authority's portfolio of investments is invested in accordance with its strategic asset allocation.

The goal of the strategic asset allocation is to construct a portfolio that achieves the Authority's investment objectives including a return in excess of the liability discount rate while limiting the probability of large declines in the Authority's funding ratio.

The actual asset allocations can deviate from the benchmark asset allocation due to:

- the Authority cash flows
- fluctuations in market prices
- dynamic asset allocation decisions.

Dynamic asset allocation refers to medium term shifts away from the strategic asset allocation which are designed to capture market opportunities or to mitigate risks. The deviations in actual versus benchmark asset allocation at the end of the reporting period were within the agreed tolerance limits for all asset classes.

The Authority, along with TCorp in conjunction with their asset consultant, conducts the risk budgeting analysis utilising:

- assumptions regarding the expected level of return, risk and correlations between price and wage inflation, bond yields and returns from different asset classes (for example equities, bonds, property, alternative assets)
- assumptions regarding the duration of inflation-linked and other liabilities consistent with those used by the Authority Actuary.

The analysis incorporates scenario analysis to determine the risk and return of different investment strategies relative to the change in the liabilities over a period. The analysis is primarily used to compare different investment strategies, and then to determine the investment strategy that has the appropriate level of risk, given the risk and return objectives of the Authority.

The risk budgeting analysis is based on certain simplifying assumptions such as statistical characteristics of investment returns, volatilities and correlations, that may not represent actual outcomes. It is also important to note that the analysis only allows for some economic factors such as inflation and bond yields, which affect the value of the Authority liabilities. It does not allow for other factors such as the claims loss ratio, claims incidence and recovery rates, which also affect the value of the Authority's liabilities. As such, the analysis may not be accurate in its assessment of the liability.

Interest rate risk

The Authority's exposure to interest rate risk is set out below.

	-1.00%	1.00%	Equity	Profit or loss	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
<i>Financial assets</i>					
Cash and cash equivalents	160,526	(1,605)	(1,605)	1,605	1,605
2017					
<i>Financial assets</i>					
Cash and cash equivalents	138,723	(1,387)	(1,387)	1,387	1,387

Other price risk - TCorp investment

Exposure to other price risk primarily arises through the investment in the TCorp IGF Investment Trust which is held for strategic rather than trading purposes. The Authority has no direct equity investments.

Fund	Investment sectors	Investment horizon	2018	2017
			\$'000	\$'000
IGF Investment Trust	Multi asset class	7 years and over	195,410	187,735

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

TCorp as trustee is required to act in the best interest of the Authority and to administer the Trust in accordance with the trust deed. The assets of the Trust are managed by either external investment managers or TCorp's Cash and Fixed Income Team. As trustee, TCorp manages the performance and risks of the Trust in accordance with the trust deed and disclosure documents or mandates agreed with managers.

TCorp provides sensitivity analysis information for the Trust, using historically based volatility information collected over a ten-year period, quoted at two standard deviations (i.e. 95 per cent probability). The 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.

Fund	Change in unit price		Impact on profit or loss	
	2018	2017	2018	2017
	%	%	\$'000	\$'000
IGF Investment Trust	+/- 8	+/- 8	15,633	15,019

However, given the legislative guarantee of funding for the Insurer's Guarantee Fund (IGF) holdings, the sensitivity analysis above will not impact on the Authority's net result.

(e) Fair value measurement

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the IGF Investment Trust which 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.

(ii) Fair value recognised in the statement of financial position

The investment in the Trust is recorded at the redemption value per unit as reported by TCorp.

The following tables present the Authority's financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2018 and 30 June 2017.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2018				
Financial assets at fair value				
Unit trusts	-	195,410	-	195,410
Total	-	195,410	-	195,410
2017				
Financial assets at fair value				
Unit trusts	-	187,735	-	187,735
Total	-	187,735	-	187,735

(The tables above include only financial assets, as no financial liabilities were measured at fair value in the statement of financial position.)

There were no funds transferred between level 1 and 2 during the year (2017 \$95.143m)

22. Related Party Disclosures

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

	2018	2017
	\$'000	\$'000
Short-term employee benefits:		
Salaries	842	765
Other long-term employee benefits	14	121
Total remuneration	856	886

During the year, the Authority entered 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 aggregate value of the material transactions and related outstanding balances as at and for the year ended 30 June 2018 are as follows:

Nature of Transaction	Transaction Value	Net receivable/ (payable)
2018	\$'000	\$'000
Sale of Goods	-	-
Purchases of goods	-	-

Nature of Transaction	Transaction Value	Net receivable/ (payable)
Services received	-	-
2017		
Sale of Goods	-	-
Purchases of goods	-	-
Services received	58	-

During the year, the Authority entered into transactions with other entities that are controlled/jointly controlled and/or significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the Authority's sale of goods, rendering of services and/or receiving of services. These include:

	2018	2017
	\$'000	\$'000
Income		
Department of Finance, Services and Innovation	5,192	19,575
Icare	1,440	1,449
Long Service Corporation	-	362
Ambulance Service of NSW	3,768	997
Legal Aid of New South Wales	52	-
Expenditure		
NSW Ministry of Health	115,954	116,709
Ambulance Service of NSW	43,977	40,437
Roads and Maritime Service	4,004	4,271
Department of Finance, Services and Innovation	36,923	57,259
Service NSW	1,172	-
Icare	5,163	-
Crown Solicitor's Office	296	146
Lifetime Care and Support	-	371
Northern Sydney Local Health District	993	462
State Records of NSW	140	132
Transport NSW	2,239	2,754
Sydney Local Health District	-	100
NSW Treasury	1,861	-

A number of other payments that are not significant in nature were made to other NSW Government agencies for services rendered during the year.

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.
- (c) the Lifetime Care and Support Authority (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:

	2018	2017
	\$'000	\$'000
MAITC Fund Component	28,074	-
LCSA General Fund Component	225,669	-

For the financial year ended 30 June 2017 the MAITC and LSC components were paid direct to the Lifetime Care and Support Authority.

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 is extended to continue until 30 June 2019. It is proposed that any unclaimed amounts and the threshold amounts will be returned to motorists via reduced levies in the 2019-20 financial year.

As at 30 June 2018 the following amounts are still to be claimed.

	2018	2017
	\$'000	\$'000
Administered Assets		
Cash at Bank	94,040	-
Administered Liabilities		
Payables – CTP Refunds	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 financial statements

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 2017-18:

- the *State Insurance and Care Governance Act 2015* (Part 3 and Schedule 3, and Parts 1 and 4 and Schedule 4 so far as they relate to the State Insurance Regulatory Authority)
- *Motor Accidents Act 1988 Motor Accidents Compensation Act 1999*
- *Motor Accident Injuries Act 2017*
- *Workplace Injury Management and Workers Compensation Act 1998* (except parts; sections 368, 369 and 373 and Schedule 5, allocated to the Attorney General)
- *Workers Compensation Act 1987* (except Part 4 and Division 1A of Part 7, allocated to Minister for Finance Services and Property)
- *Bishopsgate Insurance Australia Limited Act 1983*
- *Home Building Act 1989*, Parts 6, 6B and 6C (remainder, the Treasurer and the Minister for Innovation and Better Regulation)

Changes in Acts and subordinate legislation

Subordinate legislation

- Motor Accidents Compensation (Determination of Loss) Amendment Order 2017
- Motor Accident Injuries Amendment Regulation 2017
- Motor Accidents (Determination of Non-Economic Loss) Amendment Order 2017
- Motor Accident Injuries (Indexation) Order 2017
- Motor Accident Injuries (Indexation) Amendment (Weekly Statutory Benefits) Order 2018
- Workers Compensation (Indexation of Amounts) Amendment Order 2017
- Workers Compensation (Indexation of Amounts) Amendment Order 2018
- Workers Compensation (Indexation of Amounts) Amendment Order (No 2) 2018
- Workers Compensation Amendment (Latest Index Number) Regulation (No 2) 2017
- Workers Compensation Amendment (Latest Index Number) Regulation 2018
- Home Building Amendment (Insurance and Alternative Indemnity Cover) Regulation 2017

Significant judicial decisions

Insurance Australia Limited v Kong Lai Kai [2018] NSWSC 958

These judicial review proceedings involved a challenge to SIRA's decision to refer a medical dispute to a medical assessor in a narrower scope to that expressed by the insurer when it referred the dispute to SIRA. At the time, SIRA had developed a practice of assisting the parties to clarify the ambit of the medical dispute, particularly where the dispute involved treatment "ranges" such as 0-6 therapy sessions. The ambit of the dispute was arrived at by SIRA in consultation with both parties and the referred dispute was the result of that consultation.

Adamson J declared that the Authority had failed to comply with its statutory duty under s. 60(2) of the *Motor Accidents Compensation Act 1999*, finding that an insurer is entitled to have the whole of the dispute it refers to SIRA referred to a medical assessor for assessment. That is, not an expurgated version of it which has been edited by SIRA in consultation with the claimant. In a separate judgment, Adamson J ordered SIRA to arrange for the insurer's medical disputes to be referred in accordance with s. 60(2).

Bhusal v Catholic Health Care Ltd [2018] NSWCA 56

Under the *Workers Compensation Act 1987*, a merit review application must be made within 30 days of the injured worker receiving an insurer's internal review decision.

In this matter, the injured worker applied to SIRA for a merit review of an insurer's internal review decision that she had capacity to work. The injured worker's application incorrectly stated that it was made more than 30 days after she received the insurer's internal review decision. On this basis, SIRA declined her application for merit review.

The injured worker appealed SIRA's decision to the Supreme Court of NSW. This appeal was dismissed.

The injured worker then appealed the Supreme Court decision to the NSW Court of Appeal. The Court of Appeal allowed the appeal on the basis the injured worker had been denied procedural fairness. It found that the injured worker had been denied the opportunity to make submissions to SIRA on the issue that proved critical to the outcome of her merit review application - the date she had received the insurer's decision. It ordered that the SIRA decision be set aside, and that SIRA should reconsider the injured worker's application for a merit review.

The Court set aside SIRA's decision of 30 June 2016 and remitted the applicant's application for merit review to SIRA for determination according to law.

Australian Bushman's Campdraft and Rodeo Association Ltd v Gajkowski [2017] NSWCCPD 54

The Camden Show Society Inc v Gajkowski [2017] NSWCCPD 55

Prior to his injury Mr Gajkowski regularly participated in rodeo events as a bull rider. He suffered a head injury resulting in severe brain damage at a rodeo event run by the Camden Show Society Inc (CSS). Australian Bushman's Campdraft and Rodeo Association Ltd (ABCRA) is a not for profit sporting organisation.

Clause 15(1)(c) of Schedule 1 to the *Workplace Injury Management and Workers Compensation Act 1998* (1998 Act) provides that a person, engaged for fee or reward, to take part as an entertainer in any public performance in a place of public entertainment to which the public is admitted on payment of a fee or charge is, for the purposes of the 1998 Act, taken to be a worker employed by the person conducting or holding the contest or public or other performance.

At first instance, the Arbitrator found in favour of Mr Gajkowski and held that both ABCRA and the CSS were liable equally. Both ABCRA and CSS appealed. The issue on appeal concerned whether Mr Gajkowski was a deemed worker. It was held that any prize money payable was contingent and discretionary, and Mr Gajkowski was not “engaged for fee or reward”. Further, a beneficial interpretation of the legislation cannot be used to fill gaps in the evidence or allow an extension of sympathy to a case that falls outside the legislation. To construe bull riding as a performance would be to give the legislation a construction that is unreasonable or unnatural.

Hunter Quarries Pty Ltd v Alexandra Mexon as Administrator for the Estate of the Late Ryan Messenger [2018] NSWCA 178

In 2014 Ryan Messenger, an employee of Hunter Quarries, was killed at his workplace when an excavator he was operating tipped over and crushed the cabin in which he was located. Mr Messenger suffered a severe high force crush injury to his upper body and died a few minutes later, during which time he was unconscious. The employer accepted liability for the payment of death benefits to Mr Messenger’s estate.

In 2015 the executor of Mr Messenger’s estate (the estate), lodged a claim under section 66 of the WC Act seeking compensation for the ‘permanent impairment’ said to have been suffered by Mr Messenger. The employer resisted the claim. The estate applied to refer the dispute pursuant to section 293 of the *Workplace Injury Management and Workers Compensation Act 1998* (the 1998 Act). While the initial assessment concluded that Mr Messenger had suffered permanent impairment of 100 per cent, a ‘Reconsideration Medical Assessment Certificate’ was later issued which concluded that Mr Messenger had not suffered ‘permanent impairment’.

The estate applied for a review of this assessment to the Workers Compensation Commission Medical Appeal Panel. The Appeal Panel assessed his degree of permanent impairment as being 100 per cent.

The employer appealed to the Supreme Court. The primary judge upheld the decision of the Appeal Panel. The employer then appealed to the NSW Court of Appeal.

In a judgment dated 16 August 2018, the Court of Appeal held that under the *Workers Compensation Act 1987* the concepts of death, incapacity and permanent impairment encompass separate forms of loss and separate concomitant needs for compensation. The term ‘permanent impairment’ involves some diminution in function experienced by a worker which is lasting or enduring.

Pacific National v Baldacchino [2018] NSWCCPD 12

SIRA exercised its right of intervention in these Workers Compensation Commission proceedings under section 106 of the *Workplace Injury Management and Workers Compensation Act 1998* (the 1998 Act).

In issue before the Commission was whether a total knee replacement is an ‘artificial aid’ within the meaning of section 59A(6)(a) of the *Workers Compensation Act 1987* (WC Act). If an artificial aid, the time limits under section 59A(1) of the WC Act would not apply, and the applicant would be entitled to recover the costs of the surgery.

In the initial Arbitrator determination, it was found that the worker was entitled to the costs for the provision of a total left knee replacement because the medical expenses fell within the definition of an artificial aid under section 59A(6) of the WC Act. The employer appealed the Arbitrator’s decision.

On 28 March 2018, the Commission handed down its Presidential decision. The appeal was unsuccessful with the Deputy President rejecting the employer's submissions. The total left knee replacement was an 'artificial aid' within the meaning of section 59A(6)(a) of the WC Act and accordingly exempt from the time limits for medical expenses under section 59A(1).

The employer has appealed to the NSW Court of Appeal.

Hee v State Transit Authority of NSW [2018] NSWCCPD 6

This matter concerned the interpretation and application of section 38A of the *Workers Compensation Act 1987* (WC Act). Section 38A is a special provision which entitles workers with highest needs to a minimum safety net payment of weekly compensation. The appeal considered whether benefits are payable under section 38A when there is no other entitlement to weekly compensation payments.

In his decision, Keating P, clarified that to be entitled to compensation under section 38A, it must also be established that an amount of weekly compensation is payable pursuant to sections 34-38 of the WC Act.

Mr Hee could not meet the requirements due to the factual findings which confirmed he had returned to his pre-injury duties and was earning at or more than his pre-injury average weekly earnings.

The worker has appealed to the NSW Court of Appeal.

Appendix 2: Policy attestations

Digital information security

Digital Information Security Annual Attestation Statement for the 2017-18 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 had an Information Security Management System in place during the 2017-18 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the State Insurance Regulatory Authority are adequate.

Risks to the digital information and digital information system of the State Insurance Regulatory Authority have been assessed with an independent ISMS being developed in accordance with the *NSW Government Digital Information Security Policy*.



Carmel Donnelly
Chief Executive
State Insurance Regulatory Authority
29 August 2018

Internal audit and risk management

Internal audit and risk management attestation statement

Internal Audit and Risk Management Attestation Statement for the 2017-2018 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:

- Nancy Milne OAM, Independent Chair, from 20 April 2016 to 19 April 2019
- Dr Abby Bloom, Independent Member, from 18 April 2016 to 17 April 2019
- Trevor Matthews, Independent Member, 19 April 2016 to 18 April 2019
- 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@finance.nsw.gov.au

Risk management

SIRA adheres to the DFSI Risk and Resilience Policy and Framework, which aligns with ISO 31000 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 continues to develop 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 Board.

Insurance activity

Table A: Number of claims

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

Table B: Net incurred claims cost

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

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 the State Insurance Regulatory Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, 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 2018, 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.

Other Information

Other information comprises the information included in the Authority's annual report for the year ended 30 June 2018, other than 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 comprises the Statement 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 except where the Authority will be dissolved by an Act of Parliament or otherwise cease operations.

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.



Nathan Carter
Director, Financial Audit Services

25 September 2018
SYDNEY

Appendix 3: Ministerial directions

Disclosure of Ministerial direction under section 20 of the SICG Act



Victor Dominello MP
Minister for Finance, Services and Property

Our reference: MIN18/787

Ms Carmel Donnelly
Chief Executive
State Insurance Regulatory Authority
6/24 Rawson Place
Haymarket
SYDNEY NSW 2000

Dear Ms Donnelly

Section 20 Direction – determination of fund levies for 2018/19

I am satisfied that it is in the public interest to issue the following direction to the State Insurance Regulatory Authority regarding the Fund levy under s 10.16 of the *Motor Accident Injuries Act 2017*.

Pursuant to s 20(1) of the *State Insurance and Care Governance Act 2015*, I request that SIRA reduce the amount of the Fund levy collected from persons to whom third party policies are issued for vehicles classed as taxis (class 7) to match the amount of Fund levy collected for a class 1 vehicle, effective from 1 July 2018.

This determination should remain in force until 30 June 2019, or such time as SIRA has sufficient data regarding the relative claims frequency and usage (fare-paying kilometres) among point to point transport operators (taxis, rideshare and hire cars) to update Fund levy rates.

This will ensure that the premium (and levy) rates for taxis and rideshare are properly reflective of their current risk profile.

The impact of this determination on overall Fund levy collections should be assessed in the half-yearly budget review in November 2018, and may be extended by subsequent Ministerial direction.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Victor Dominello', written over a horizontal line.

The Hon Victor Dominello MP
Minister for Finance, Services and Property

Date: 3-5-18

cc. The Hon Andrew Constance MP, Minister for Transport and Infrastructure

GPO Box 5341 Sydney NSW 2001 ■ P: (02) 8574 6607 ■ F: (02) 9339 5526 ■ E: office@dominello.minister.nsw.gov.au

Appendix 4: Numbers and remuneration of senior executives

Table A: Number of senior executives

Band	2016-17 ^{1,2,3}		2017-18 ^{1,2,3}	
	Female	Male	Female	Male
Band 1 (Director)	6	5	8	5
Band 2 (Executive Director)	1 ⁴	3	1	2
Band 3 (Deputy Secretary)	-	-	1	-
Total	7	8	10	7
	15		17	

Table B: Remuneration of senior executives

Band	2016-17 ⁵		2017-18 ⁵	
	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
Band 2 (Executive Director)	\$255,051 to \$320,900	\$242,921	\$261,451 to \$328,900	\$285,496
Band 3 (Deputy Secretary)	\$320,901 to \$452,250	-	\$328,901 to \$463,550	\$390,000

¹ Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

² Statistics are based on Workforce Profile census data as at 29 June 2017 and 28 June 2018.

³ All employees reported in 2017 and 2018 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.

⁴ Incorrect representation of female senior executive in 2016-17 report and should have been placed in the Band 3 category.

⁵ Salary ranges effective at the Workforce Profile census dates of 29 June 2017 and 28 June 2018.

Appendix 5: Access to Government information

Report under the *Government Information (Public Access) Act 2009*

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 information from NSW public sector agencies, and to encourage the proactive public release of government information.

SIRA primarily uses its website to release information that is considered to be in the public interest, including forms, publications, codes, guides, manuals, policies and reports, as well as the Annual Report, statistical and performance reports, policies and guidelines. In addition, SIRA uses its website to provide ready access to current media releases, fact sheets and frequently asked questions.

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

Under section 7(3) of the GIPA Act, at least every 12 months SIRA is required to review its program for the proactive release of government information that is considered to be in the public interest without imposing unreasonable costs to the agency. SIRA continues to increase information that is available on our websites and has reviewed and has made changes to our website to make publications more easily accessible. We will continue to review our Policy Document Register and maintain our Disclosure Log.

Information that has been proactively released throughout 2017-18 includes:

- Workers compensation monthly report (dashboard) May 2018 and associated Methodology and summary data tables
- Workers compensation monthly report (dashboard) June 2018 and associated Methodology and summary data tables
- Workers compensation system performance report 2016-17
- Statistical bulletin 2016-17
- CTP Scheme quarterly report September 2017
- CTP Scheme performance report 2017
- Green Slip scheme quarterly insights – March 2018
- Green Slip scheme quarterly insights – June 2018
- SIRA Annual Report 2016-17
- September 2017 – Home Building Scheme information report
- Stakeholder engagement strategy report
- Work Health and Safety and Workers Compensation Small Business Strategy
- Motor accidents medical assessment service venue policy
- SIRA compliance and enforcement policy
- Code of conduct for decision-makers of the Dispute Resolution Service (DRS)

Formal access applications

A total of 13 formal access applications were received during the 2017-18 financial year. This includes withdrawn applications but not invalid applications.

A detailed analysis of the formal access applications received throughout 2017-18 follows.

Table A: Number of applications by type of applicant and outcome*

	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			1						1
Members of Parliament		1			1	2			4
Private sector business								1	1
Not for profit organisations or community groups									0
Members of the public (application by legal representative)		1						3	4
Members of the public (other)		2						1	3
Total	0	4	1	0	1	2	0	5	13

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

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

	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*		2						2	4
Access applications (other than personal information applications)		1	1		1	2		3	8
Access applications that are partly personal information applications and partly other		1							1
Total	0	4	1	0	1	2	0	5	13

*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 Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	1
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information*	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

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).

*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 Act

	Number of occasions when application not successful*
Responsible and effective government	1
Law enforcement and security	0
Individual rights, judicial processes and natural justice	4
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application).

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	6
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	2
Total	8

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review			
Review by Information Commissioner*			
Internal review following recommendation under section 93 of Act			
Review by NCAT	1	1	2
Total	1	1	2

* 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 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 Act)	0

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

Appendix 6: Privacy and personal information

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.

SIRA's Privacy Management Plan demonstrates how it meets its privacy obligations under the *Privacy and Personal Information Protection Act 1998* (PIIP Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act) and how it upholds and respects the privacy of its customers, employees and others about whom it holds personal information.

In 2017-18 SIRA conducted a Privacy Impact Assessment (PIA) on the young drivers' telematics trial program and also released an updated Data Breach Response Plan that outlines actions required for SIRA staff should a privacy breach occur.

In 2017-18, SIRA received one application for an internal review conduct relating to the use, access or disclosure of personal information.

SIRA will undertake a review and update of its Privacy Management Plan in 2018-19.

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 2017-18

Yearly data

Description	Invoices	Value
Goods and services payments within 30 days	3,436	\$244,966,967.79
Goods and services payments exceeding 30 days	11	\$94,885.38
Total goods and services payments	3,447	\$245,061,853.17
Percentage exceeding 30 days	0%	0%
Small business payments within 30 days	106	\$57,325.49
Small business payments exceeding 30 days	0	\$0.00
Small business total payments	106	\$57,325.49
Small business percentage exceeding 30 days	0%	0%

Monthly data

Description	July 2017		August 2017		September 2017	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	345	\$4,345,825.55	311	\$5,121,638.18	255	\$12,695,359.57
Goods and services payments exceeding 30 days	1	\$360.23	1	\$553.85	0	\$0.00
Total goods and services payments	346	\$4,346,185.78	312	\$5,122,192.03	255	\$12,695,359.57
Percentage exceeding 30 days	0%	0%	0%	0%	0%	0%
Small business payments within 30 days	10	\$9,389.63	12	\$5,849.78	8	\$3,789.74
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	10	\$9,389.63	12	\$5,849.48	8	\$3,789.74
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	October 2017		November 2017		December 2017	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	317	\$6,146,994.68	290	\$8,867,251.48	236	\$54,248,695.18
Goods and services payments exceeding 30 days	0	\$0.00	1	\$93.48	0	\$0.00
Total goods and services payments	317	\$6,146,994.68	291	\$8,867,344.96	236	\$54,248,695.18
Percentage exceeding 30 days	0%	0%	0%	0%	0%	0%
Small business payments within 30 days	9	\$7,564.45	10	\$3,180.23	6	\$1,949.14
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	9	\$7,564.45	10	\$3,108.23	6	\$1,949.14
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	January 2018		February 2018		March 2018	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	224	\$38,615,241.83	284	\$26,505,597.92	305	\$19,949,771.56
Goods and services payments exceeding 30 days	2	\$960.42	1	\$68.75	0	\$0.00
Total goods and services payments	226	\$38,616,202.25	285	\$26,505,666.67	305	\$19,949,771.56
Percentage exceeding 30 days	1%	0%	0%	0%	0%	0%
Small business payments within 30 days	13	\$3,070.39	9	\$4,014.73	8	\$2,874.79
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	13	\$3,070.39	9	\$4,014.73	8	\$2,874.79
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	April 2018		May 2018		June 2018	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	228	\$5,225,636.01	313	\$11,556,964.88	328	\$51,687,990.95
Goods and services payments exceeding 30 days	5	\$92,848.65	0	\$0.00	0	\$0.00
Total goods and services payments	233	\$5,318,484.66	313	\$11,556,964.88	328	\$51,687,990.95
Percentage exceeding 30 days	2%	2%	0%	0%	0%	0%
Small business payments within 30 days	6	\$3,259.56	6	\$2,449.45	9	\$9,933.60
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	6	\$3,259.56	6	\$2,449.45	9	\$9,933.60
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Appendix 9: Overseas travel

Samira Kamandi travelled to New Zealand from 27 to 28 November 2017 as part of the Work Based project for the 2016 Executive Master of Public Administration program.

The trip cost \$1,554.62 which was met directly by SIRA.

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
Ernst & Young	Actuarial consulting services	\$1,301,956
Ernst & Young	Motor accidents insurance regulation CTP reforms	\$302,849
Ernst & Young	Premium system review	\$868,330
Ernst & Young	Rate filings review	\$815,425
Ernst & Young	Insure performance monitoring	\$382,249
Taylor Fry Consulting	Home Building Compensation regulation advice	\$204,614
Taylor Fry Consulting	Actuarial consulting services	\$1,193,105
Total greater than \$50,000		\$5,068,528
Plus 18 consultants less than \$50,000		
	Management services	\$248,469
	Organisational review	\$25,000
	Information technology	\$14,576
	Finance and accounting	\$2,975
Total less than \$50,000		\$291,020
Total consultants		\$5,359,548

Appendix 11: Land disposal

SIRA did not dispose of any property in 2017-18.

Appendix 12: Board meetings

The SIRA Board met 10 times in 2017-18, with meetings held on the following dates:

1. 21 July 2017
2. 23 August 2017
3. 15 September 2017
4. 26 October 2017
5. 27 November 2017
6. 14 December 2017
7. 22 February 2018
8. 22 March 2018
9. 27 April 2018
10. 13 June 2018

Meeting attendance was as follows:

- Mr Matthews, Ms Milne, Dr Bloom and Dr Innes attended all 10 meetings.
- Ms Donnelly attended all 10 meetings, the first five in an ex-officio capacity as SIRA Acting Chief Executive, and the remainder as SIRA Chief Executive following her appointment in December 2017.

Appendix 13: Research funding

Research review

In 2017-18, SIRA continued the Strategic Outcomes and Applied Research program to support strategic and evidence informed improvements in road safety, work injury prevention, recovery from injury, return to work, and personal injury compensation scheme design.

We continued to support the John Walsh Centre for Rehabilitation Research within the University of Sydney (in partnership with icare) and maintained our delivery of existing projects. We also developed and enhanced collaborative partnership opportunities with key agencies including Transport for NSW's Centre for Road Safety, SafeWork NSW and its Centre for Work Health & Safety, and icare. Outcomes and highlights of the program this year included:

- Starting a prospective cohort study of 431 people to identify individual and system factors influencing the health and social outcomes of people injured in a motor vehicle accident. This project is being conducted by the John Walsh Centre for Rehabilitation Research at the University of Sydney and will be a comparison study to the existing Factors Influencing Social and Health Outcomes After Land Transport Injury (FISH) study.
- Starting a surveillance study on the presence and accuracy of mild traumatic brain injury (mTBI) diagnosis in NSW emergency departments. mTBI accounts for 90 per cent of all brain injuries and may impact on injury recovery and quality of life. This involves electronic and then clinical record searching to identify patients who receive an mTBI clinical diagnosis in NSW emergency departments. Outcomes will include the presence and accuracy of mTBI diagnosis in NSW emergency departments, rates of documented mTBI diagnosis, and identifying factors independently associated with documenting a positive mTBI diagnosis.

Completion of a project on evidence-based practice by psychologists within the CTP Scheme. This project used a mixed methods design to explore and make recommendations regarding psychologists' practice in treating CTP claimants with a mild to moderate musculoskeletal injury and a 'secondary psychological injury'. The project involved a mixed methods design and included four independent studies.

While adherence to protocols and procedures (submitting plans and seeking insurer approval) was found to be high, psychologists were generally only partially adherent to the treatment principles. However, when psychologists' adherence to the principles was high, injured people achieved positive health and functional outcomes, and total claim costs were lower.

The research grants listed below were mostly initiated in prior years.

Research programs funded from the Motor Accidents Operating Fund expended in 2017-18

Recipient	Details	Nature	Amount
Transport NSW	MOU with NSW Centre for Road Safety	Research	\$2,750,000
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	\$641,089
icare Lifetime Care and Support	Vocational Intervention Program (VIP) trialling two intervention approaches in rural and metropolitan brain injury rehabilitation units in NSW.	Research	\$0
University of Sydney	A prospective cohort study of 2,400 people to identify individual and system factors influencing the health and social outcomes of people injured in a motor vehicle accident with follow-up two years after injury (FISH Study).	Research	\$413,874
Royal Prince Alfred Hospital	Shock Management and Advanced Radiology in Trauma (SMART). The aim of this project is to implement and evaluate a new model of care regarding the use of radiology in trauma, and to improve the outcomes of severely injured patients.	Research	\$0
Whitlam Orthopaedic Research Institute	A randomised control trial of mild opioids versus strong opioids for the treatment of post discharge pain after surgical fracture management.	Research	\$0
University of Sydney	A clinical pathway of care for whiplash patients study examining evidence-based management of whiplash after motor vehicle crashes differ between service providers.	Research	\$0
University of New England	Evidence-based practice by psychologists. To determine whether psychologists providing services to claimants are using evidence-based practice and to explore the barriers to using evidence-based guidelines.	Research/ service development	\$20,000
University of Sydney	The evaluation of community physiotherapy pain management program.	Research	\$3,320
University of Sydney	Pain management in discharged trauma. The overall objective is to develop implement and evaluate an evidence-informed pain management discharge package for clinicians and trauma patients to reduce acute pain in the trauma population.	Research	\$0

Recipient	Details	Nature	Amount
Northern Sydney Local Health District	John Walsh Centre for Rehabilitation Research forum and workshop 2018.	Education	\$15,264
University of Sydney	Australian Psychological Society's Rehabilitation Psychology Interest Group workshop 2018	Education	\$6,291
University of Sydney	Australian Psychological Society's Rehabilitation Psychology Interest Group workshop 2017	Education	\$5,000
University of Sydney	The impact of psychological distress on recovery from injuries sustained in a traffic crash (IMPRINT study). The biological mechanisms leading to psychological disorders and morbidity after MVC remain unclear. There is now solid evidence that aberrant heartbeats are a sign of poor adaptability to stressful events and this relates to an unbalanced state of the autonomic nervous system.	Research	\$5,500
University of Sydney	The evaluation of a GP controlled pain self-management study. The development and evaluation of a brief pain self-management approach that can be employed by GPs with patients with persistent injury-related pain in primary care.	Research	\$0
Pedestrian Council of NSW	Never let a mate walk home drunk	Education	\$45,000
University of Sydney	The evaluation of a 'fast-track recovery' application that can be used by SIRA to facilitate recovery and to minimise the risk of prolonged disability for those who have sustained non-catastrophic motor vehicle accident injuries.	Research	\$39,775
St Vincent's Hospital Sydney	This study aims to target those people unable to access face-to-face rehabilitation and allied health services. Patients will receive a phone consultation with a rehabilitation physician.	Research	\$0
University of Sydney	Preventing psychological injury after a car crash (IMPACT study). This research will evaluate the effectiveness of a brief psychological and lifestyle intervention for preventing psychological injury after a car crash.	Research	\$125,955
Northern Sydney Local Health District	2017 CTP Scheme Evaluation Study. A prospective cohort study of people entering the 2017 CTP Scheme to identify individual and system factors influencing the health and social outcomes of people injured in a motor vehicle accident with follow-up two years after injury.	Research	\$224,221

Recipient	Details	Nature	Amount
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 in the ED.	Research	\$101,530
University of Sydney	PhD scholarship for studying the development of psychological injury following motor vehicle accidents.	Research/ Education	\$13,341
Australian Road Research Board	National Road Safety Partnership Program	Education	\$30,000
Transport for NSW	Motorcycle protective clothing project	Research	\$100,000
Neuroscience Research Australia	National Guidelines for the Safe Restraint of Children Travelling in Motor Vehicles	Research	\$10,000
The George Institute for Global Health	PhD scholarship to study health and related outcomes of road injury in older people	Research/ Education	\$13,999
Illawarra Shoalhaven Local Health District	Driving simulation in clinical rehabilitation. Investigation of return to safe driving using driver simulation technology.	Research	\$3,500
Personal Injury Education Foundation	Personal Injury Education Foundation Conference 2018	Education	\$7,500
University of Sydney	Visiting researchers seminars for SIRA	Education	\$674
Phoenix Australia Centre for Posttraumatic Mental Health	Wellbeing and recovery framework	Research	\$33,780
Total			\$4,359,613

Research programs funded from the Workers Compensation Operational Fund expended in 2017-18

Recipient	Details	Nature	Amount
icare Lifetime Care and Support	Vocational Intervention Program (VIP) trialling two intervention approaches in rural and metropolitan brain injury rehabilitation units in NSW.	Research	\$0
CGA Consulting NSW Pty Ltd	Options for general construction induction training. Research to identify and determine available options for initial work health and safety induction training for new construction workers.	Research	\$34,872
Whitlam Orthopaedic Research Centre	Spine surgery audit. It is the researchers' contention that practice variation in spine surgery can be reduced. By reducing costs, normalising indications for surgery, and reducing variation in outcomes, overall outcomes for back-injured workers can be improved, while reducing the rate of spine surgery and lowering the cost per procedure.	Research	\$56,000
CGA Consulting NSW Pty Ltd	Benchmarking value. This research will investigate how other similar agencies define and measure their value to the community. It will also measure how our peers benchmark their organisations against others and use this to inform development of a suite of 'lead indicators' of benefits and value we provide as a regulator.	Research	\$16,000
University of New South Wales	Queuing and waiting arrangements for long distance truck drivers. This study will gather information to better understand the range of ways queuing and waiting are being managed for long distance heavy vehicle drivers by freight customers and to assess how effective these methods might be.	Research	\$0
Monash University	Mental health clinical guidelines. A study to develop NHMRC and RACGP endorsed clinical guidelines to help GPs improve their management of patients with work related mental health conditions.	Research	\$56,000

Recipient	Details	Nature	Amount
The George Institute for Global Health	Secondary back pain. The primary outcome will be days to recurrence of an episode of work absence due to back pain and the secondary outcomes will be days to recurrence of (i) an episode of back pain with pain intensity rated as 3 or more on a 0-10 scale for at least 24 hours; (ii) an episode of consulting back pain with a health care provider; (iii) an episode of activity limiting back pain.	Research	\$0 ¹
Personal Injury Education Foundation	Personal Injury Education Foundation Conference 2018	Education	\$7,500
Total			\$170,372

Total grants for 2017-18	Amount
Total Motor Accidents Operational Fund	\$4,359,613
Total Workers Compensation Operational Fund	\$170,372
Total	\$4,529,985

¹ \$0 expenditure indicates a multi-year project with no spend in 2017-18.

Appendix 14: Statement as required by the *Carers (Recognition) Act 2010*

SIRA provides services for carers and people being cared for by carers. Our 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 this Act 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 we continue to review and update our 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.

In 2017-18, SIRA activities to ensure our organisation and our work reflect the principles of the NSW Carers Charter included:

- seeking feedback from carers' associations when developing guidelines or principles for the insurers we regulate related to treatment and care for injured people
- providing customer services that recognise that the customer may be the injured person's carer
- actively 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

Download a copy of this annual report from onegov.nsw.gov.au

Acronyms

AASB	Australian Accounting Standards Board
ANZSOG	Australian and New Zealand School of Government
CARS	Claims Assessment and Resolution Service
CES	Customer Effort Score
CTP	Compulsory Third Party
DFSI	NSW Department of Finance, Services and Innovation
DIAP	Disability Inclusion Action Plan
DRS	Dispute Resolution Service
ERG	Employee Resource Groups
GIPA	Government Information (Public Access)
HBC	Home Building Compensation Scheme
icare	Insurance and Care NSW
IGF	Insurers' Guarantee Fund
ISMS	Information Security Management System
ILARS	Independent Legal Aid Referral Service
LTCS	Lifetime Care and Support Scheme
MAI Act	Motor Accident Insurance Act 2017
MAIR	Motor Accidents Insurance Regulation
MAS	Medical Assessment Service
MPPG	Market Practice and Premiums Guidelines
MRS	Merit Review Service
mTBI	Mild Traumatic Brain Injury
NDF	Nominal Defendant Fund
NPS	Net Promoter Score
OOP	Operational Outcomes Partnership
PIA	Privacy Impact Assessment
PID Act	Public Interest Disclosures Act 1994
RTW	Return to Work
RACGP	Royal Australian College of General Practitioners
REM	Risk Equalisation Mechanism
s39	Section 39 (Workers Compensation Act)
SiCorp	NSW Self Insurance Corporation
SIRA	State Insurance Regulatory Authority
TEPL	Transitional Excessive Profits or Losses
TMF	Treasury Managed Fund
UCD	Universal Claims Database
WC Act	Workers Compensation Act 1987
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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