

Annual Report 2016-17

State Insurance Regulatory Authority

31 October 2017

Letter to the Minister

31 October 2017

The Hon. Victor Dominello, MP
Minister for Finance, Services and Property
52 Martin Place
SYDNEY NSW 2000

Dear Minister,

We are pleased to present the annual report for the NSW State Insurance Regulatory Authority (SIRA), for the financial year ending 30 June 2017.

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 motor accidents, workers compensation and home building compensation insurance for the state of NSW.

During the year SIRA supported the Government in developing some landmark reform packages including:

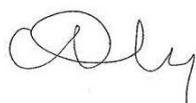
- the *Motor Accident Injuries Bill 2017* which was passed by the NSW Parliament in March 2017
- the *Home Building Amendment (Compensation Reform) Bill 2017* was passed by the NSW Parliament in June 2017.

Over 2016-17, SIRA consulted stakeholders and citizens and reviewed the *Workers Compensation Regulation 2016* and key workers compensation guidelines and implemented a new workers compensation insurer supervision model which will drive improvement in insurer performance.

SIRA Dispute Resolution Services finalised more than 9,800 applications, significantly more than any recent year.

In the coming year we will focus on implementing the new CTP Green Slip and Home Building Compensation Fund schemes, as well as improvements to service delivery and regulation through digital and data innovation.

Yours sincerely,



Carmel Donnelly
Acting Chief Executive
State Insurance Regulatory Authority



Trevor Matthews
Chair
State Insurance Regulatory Authority Board

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About us

Who we are

The State Insurance Regulatory Authority (SIRA) was established on 1 September 2015 through the *State Insurance and Care Governance Act 2015*. SIRA aims to ensure people who suffer injury or loss are supported, and insurance is affordable, well managed and sustainable.

We are a statutory body and NSW Government agency constituted under section 17 of the *State Insurance and Care Governance Act 2015*, and are governed by a Board consisting of five members.

SIRA's staff are employed by and are located within the NSW Department of Finance, Services and Innovation (DFSI).

What we do

We regulate workers compensation insurance and related activities, motor accidents compulsory third party (CTP) insurance and home building compensation insurance in NSW. We also provide independent dispute resolution services.

We approve premium, licencing and policy frameworks for insurers, effectively supervise insurers, and monitor the financial solvency and performance of the three abovementioned compulsory insurance schemes.

We also have specific functions within the Lifetime Care and Support Scheme, the Dust Diseases Scheme and to promote injury prevention in relation to the schemes we regulate.

Our purpose

We advance 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.

There are certain risks in our community - like motor vehicle accident injuries, injuries at work, and home building company insolvencies - that if left unmanaged will erode wellbeing and confidence. As a result we have compulsory insurance and support systems that address these risks.

As a regulator, our purpose is to ensure that these insurance and support systems are easy to deal with and deliver protection, entitlements and good outcomes at an affordable price and in a sustainable way.

Our mission

We undertake, through effective regulation and system-wide stewardship, to make sure our insurance and support systems deliver confidence to engage in the economy and society through affordable protection and support for recovery, restoration and wellbeing.

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 leadership

The SIRA Board

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 had senior roles with Manulife in Canada and with the 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 is an experienced Company Director, following a successful career as a Senior Executive and Corporate Advisor in healthcare and health financing, water and sanitation, and ageing.

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

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.

Dr Bloom is currently a director of Sydney Water Corporation and the Sydney Children's Hospital Network, and a member of the NSW Ministerial Advisory Committee on Ageing, Griffith University Enterprise Advisory Board, and The Longevity Innovation Hub.

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

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 Acting Chief Executive



Ms Donnelly has been the acting Chief Executive and a Board member in an ex-officio capacity since 18 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 the 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.

Our Executive

Dr Rhys Bollen

Acting Executive Director, Workers and Home Building Compensation Regulation



Dr Rhys Bollen has been practising in the area of consumer protection, corporate and financial services law for 17 years, both in private practice and within the government.

He has written widely in the field, focusing in recent years in consumer protection regulation (particularly in the financial services industry). Previously he was Acting Assistant Commissioner Policy and Strategy, NSW Fair Trading and prior to this, Senior Manager, Consumer Policy with the Australian Securities and Investments Commission.

Dr Bollen teaches Company Law and Banking Law at Sydney and Monash Law Schools. He has a PhD in financial services regulation and a Master degree in both law and business.

Andrew Nicholls

Executive Director, Motor Accidents Insurance Regulation



Mr Nicholls has more than 30 years' experience in regulation, policy, strategy, and planning across the NSW public sector, in a range of portfolios including finance, transport, ports, natural resources, land management and information technology.

Mr Nicholls is a current Director of the Personal Injury Education Foundation and the current Chair of the Australia and New Zealand Heads of Motor Accident Insurance Schemes. He is a former Vice President and Councillor of the Institute of Public Administration Australia (NSW).

Mr Nicholls is an Executive Fellow of the Australia and New Zealand School of Government (ANZSOG) and is a graduate of the ANZSOG Executive Master of Public Administration program, Sydney University. He holds an Honours degree in Politics from Macquarie University and a Master's degree in Public Management from the University of Technology, Sydney.

Cameron Player

Executive Director, Dispute Resolution Services



Mr Player holds a Diploma of Law from the Legal Profession Admission Board, and is accredited by the Law Society of NSW as an Accredited Specialist in Personal Injury Law.

He has studied International Insurance Supervision with the Schulich School of Business, Canada, Executive Leadership in the Public Sector with the Stephenson Partnership, and Assessment of Permanent Impairment using AMA IV at the University of Sydney's Northern Clinical School. He is also a sitting member of the Sydney Junior Rugby Union Judiciary.

Message from the Chair

The first complete financial year for the SIRA Board proved to be extremely productive, with a program of significant initiatives to improve outcomes in the statutory insurance systems regulated by SIRA. Work also continued to build SIRA's organisational capability as a contemporary regulator and steward of those insurance systems.

We welcomed Dr Graeme Innes to the Board, a renowned human rights practitioner and advocate for people with disability and a highly valuable addition with his professional background as a lawyer, mediator and company director.

We also bid farewell to the outgoing Chief Executive of SIRA, Anthony Lean, who took up the role of Chief Executive of the Office of Environment and Heritage in March 2017. I would like to thank and acknowledge Mr Lean for his contribution to SIRA in its establishment phase.

The Board approved the SIRA Strategic Plan 2016-17, which articulates SIRA's purpose, mission and action plan.

The Board also considered and contributed to the development of the Government's landmark reforms to NSW Motor Accidents Compulsory Third Party Insurance and Home Building Compensation.

SIRA led some important innovation in regulatory methods during the year with the design and development of a Risk Equalisation Mechanism and an excess profit and loss adjustment model (profit normalisation) for the CTP Scheme. These regulatory tools together with the Government's CTP reforms will enable premium reductions and improved efficiency and viability of the CTP scheme.

The Board provided a report to the Minister on SIRA's review of the icare Nominal Insurer's June 2016 Liability Valuation Report and in other workers compensation developments. The Board approved new licence conditions and a tiered performance-based insurer supervision model for self-insurers and a new prudential risk supervision model.

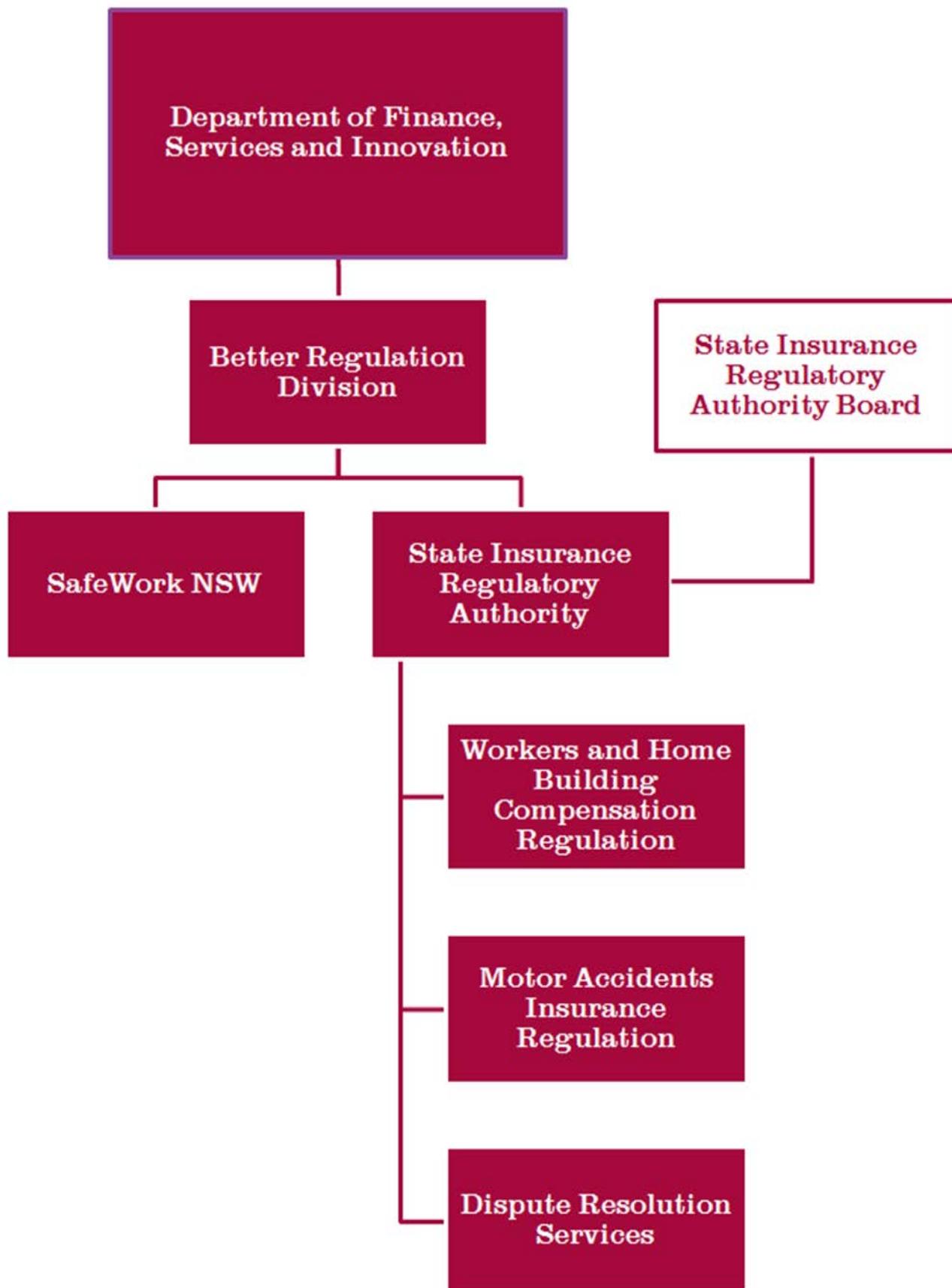
I would like to acknowledge and thank all the SIRA employees for their hard work and dedication throughout the year.

The Board looks forward to another busy year working closely with the SIRA Executive. We are committed to improving the outcomes and the experience of the people of NSW who are customers of the compulsory insurance schemes regulated by SIRA.



Trevor Matthews
Chair, SIRA Board

Our structure in 2016-17



Chief Executive's foreword

There are some risks in our community, like motor vehicle accident injuries, injuries at work and home building company insolvencies that require mandatory insurance schemes to protect the people and economy of NSW. As a result we have compulsory insurance and support systems that address these risks.

In SIRA's second year, the SIRA team supported Government in significant reform to improve the insurance systems we regulate including the *Motor Accident Injuries Act 2017* and changes to the Home Building Compensation scheme.

SIRA is well advanced in preparing for the commencement of the new CTP scheme on 1 December 2017, having worked closely with service providers including insurers and the legal profession. The new CTP scheme will provide earlier access to benefits for people injured in motor vehicle accidents, will give more injured people access to benefits and will significantly improve Green Slip affordability.

SIRA is developing improved services for CTP customers including a new Green Slip Price Check which will be implemented in late 2017. We have also enhanced our CTP analytics capability. Work is underway to improve the experience of claimants with online systems to support easier claim notification and dispute resolution, which will be launched in coming months.

SIRA has worked closely with the NSW Police Force over recent years to tackle fraud in the CTP Scheme, including supporting the NSW Police Force Strikeforce Ravens initiative.

We also undertook public consultation and intensive stakeholder engagement in 2016-17 to improve regulation of the workers compensation system including:

- the Workers Compensation Regulation 2016 and guidelines for workplace return to work programs, market practices and premiums and insurer business plans
- new self-insurer licencing requirements and a new evidence and risk-based insurer supervision model.

I'd like to thank the SIRA team for their hard work throughout the year. With the commitment of the SIRA team, we have delivered improvements in the insurance systems we steward while also implementing organisational changes to build our capability, systems and culture.

In the year ahead, SIRA will continue to improve the customer experience and outcomes for the people of NSW in the insurance systems we steward. In particular, we will work closely with stakeholders to prepare for the start of the new CTP scheme on 1 December 2017 and the implementation of Home Building Compensation reforms on 1 January 2018.



Carmel Donnelly
Acting Chief Executive
State Insurance Regulatory Authority

Our business

Workers compensation regulation

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

In 2016-17, the system protected 4.5 million workers, collecting \$3.33 billion in premiums and returning \$2.8 billion in claims costs. There were 91,031 newly reported claims this financial year.

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

- **Nominal insurer** – a statutory insurer responsible for the Workers Compensation Insurance Fund (managed by icare)
- **Specialised insurers** – six insurers licenced to operate within particular industries
- **Self-insurers** – 57 large employers licenced to self-insure
- **Treasury Managed Fund** – the NSW Government’s managed fund scheme. The scheme is administered by the NSW Self-Insurance Corporation (managed by icare).



One of SIRA’s roles is to ensure the workers compensation 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, in order to assist injured workers and to promote their return to work as soon as possible
- 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

A risk-based insurer supervision model has been developed this year to monitor, regulate and manage 113 current and former insurers in the workers compensation system.

The model uses evidence and performance-based regulation and provides incentives for improved insurer performance. The model uses compliance and performance indicators to identify risk and drive improvements in the areas of:

- conduct
- claims management
- financial sustainability.

We will continue to improve this model with new risk management processes, reporting and knowledge capture to be added as required.

Self-insurers

SIRA has undertaken a comprehensive review of the self-insurance licensing framework to understand the issues with the current licensing scheme. We have since worked extensively with stakeholders in the development of the new framework, designed to provide strong, fair, results-focused regulation of self-insurers and improved outcomes for both injured workers and employers.

The framework is supported by an evidence-based tiered supervisory model. It allows workers compensation risks to be quickly identified and addressed, while incentivising self-insurers to improve their performance by providing a level of earned autonomy (and reduced regulatory burden) where they have demonstrated a high level of performance. SIRA will continue to work with self-insurers to transition to the new framework by 15 December 2017.

Premium and prudential regulation

SIRA conducted extensive consultation on the financial and premium supervision arrangements for the workers compensation system.

The *Market Practice and Premiums Guidelines* (MPPGs) were published on 1 March 2017. The MPPGs provide insurers with SIRA's requirements for setting workers compensation premiums and cover any insurer premium filing from March 2017 onwards.

The guidelines aim to achieve this by aligning insurer business activities with system objectives. The MPPGs help ensure insurance policies and premiums are fair, affordable and commensurate with each employer's risks in line with the system objectives.

The NSW Government amended the premium and policy of insurance sections of the Workers Compensation Regulation 2016 to ensure that the regulation aligns with the MPPGs.

Further work to review and revise the MPPGs is continuing in 2017-18 to strengthen the regulation of workers compensation premiums.

Return to work

Guidelines for workplace return to work programs

The *Guidelines for workplace return to work programs* (Guidelines) were finalised after review and consultation.

The Guidelines clearly articulate the obligations of the different categories of employers and ensure they are aligned with legislative intent. They will support, inform and guide employers and other stakeholders in the development of an effective workplace return to work program.

These Guidelines came into effect on 31 May 2017 and replace the 2010 version. Employers are required to be compliant by the end of a transition phase on 31 May 2019.

Employer resources

In addition to the Guidelines, several tools and resources have been updated or created for employers including the:

- return to work program checklist for Category 1 employers
- standard return to work program for Category 2 employers
- standard consent form for release of personal information
- recovery at work planning tool
- if you get injured at work poster.

Section 39

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

To support consistent implementation of s39, SIRA has provided insurers with a suite of guidance and educational materials, including fact sheets. Information has also been made available on the SIRA website.

On 16 December 2016, two new transitional provisions were introduced into the Workers Compensation Regulation 2016, to enable eligible workers to access ongoing entitlements to weekly payments beyond five years (260 weeks).

In 2016, SIRA established regular insurer reporting and monitoring of s39 implementation. Insurer performance is analysed against a range of requirements, with reports provided back to insurers on their performance in relation to legislative requirements and SIRA's guidance.

In June 2017, SIRA established a support and information service for workers, insurers and other stakeholders who may require further information or guidance around s39.

Insurer discussion forums were held on 17 and 19 January 2017 and a total of 81 representatives attended.

Further insurer discussion forums were held on 19 and 22 June 2017 (a total of 89 representatives attended), with guest speakers presenting on permanent impairment and the dispute process (Workers Compensation Commission), and community support services (Ability Links and HSNet).

Update of vocational programs to enable greater use by workers affected by s39

SIRA training, equipment and workplace modification, and JobCover placement programs were reviewed in December 2016 to ensure they were available to workers who may be affected by the operation of s39. A worker who has commenced a vocational program while still in receipt of weekly payments can continue the program after their weekly payments cease.

Support and guidance

For employers and medical practitioners

SIRA has developed resources to provide support for employers and medical practitioners including:

- permanent impairment training for doctors on the National Guide
- launch of the revised allied health practitioner management framework
 - competency based online program - allied health practitioner training
 - webinars to inform and educate health treatment providers on the allied health practitioner management framework
 - face-to-face and online training - evaluation of permanent impairment training.

For workers, employers and insurers

Assistance for worker, employers and insurers include:

- commencement of the *Guidelines for claiming workers compensation* (Guidelines), including education via webinars and seminars
- assistance to insurers to understand and implement their legislative obligations upon notification of an injury including workshops with insurers and development of educational material
- education sessions with the Self-Insurer Association on:
 - the complaints framework
 - case management practice
 - Guidelines.

Benefit reform program

The 2015 Benefit Reform Program implemented the legislative amendments passed by the NSW Parliament in August 2015. Insurers were closely monitored to ensure satisfactory implementation and completed implementation of these reforms in December 2016.

On 16 December 2016, the *Workers Compensation Amendment (Legal Costs) Regulation 2016* commenced following significant stakeholder consultation. This regulation allows a worker to access paid legal advice in connection with a merit review application, with costs available for any original decision on and after 16 December 2016.

To support implementation:

- insurers were provided with fact sheets and insurer guidance material
- information sessions were provided to insurers on 1 and 3 February 2017
- SIRA's Customer Service Centre provided tailored information to customer's seeking help via 13 10 50
- information was published on the SIRA website.

The 2015 reforms also provided that a regulation may make provision to vary a worker's pre-injury average weekly earnings (PIAWE). SIRA has undertaken extensive public consultation and we are currently considering the outcome of this engagement and recommendations for PIAWE reform.

Regulatory update

Commutations

A new process has been developed with templates and a register for when preconditions for commutations have been met.

An improved process of approvals has been implemented for claims made outside the three year time limit. This included placing a time limit on responses and approvals and also included education and guidance on the practical application of the commutation provisions.

Regulatory approvals

In this financial year, SIRA approved:

- 762 allied health providers
- 22 hearing providers
- 6 workplace rehabilitation providers
- 22 whole person impairment assessors.

Complaints

SIRA has reviewed its complaints handling framework this year and is currently updating the framework and procedures.

SIRA has initiated 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.

Work health and safety and workers compensation small business strategy

A new work health and safety and workers compensation small business strategy has been developed. This was done in collaboration with the Small Business Reference Group, comprised of representatives from SIRA, SafeWork NSW, the Office of the NSW Small Business Commissioner and key business and industry bodies. The strategy updates the previous WorkCover Small Business Strategy launched in 2013.

The strategy is designed to help small businesses better manage work health and safety and, workers compensation and return to work. It provides a mechanism for ongoing engagement with small businesses and will guide the work of SIRA, SafeWork NSW and the Small Business Reference Group.

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.

Workers compensation and digital innovation

During 2016-17, SIRA implemented a new system to support the workers compensation insurer supervision model. We also enhanced our operational self-service visual analytics capability to support evidence-based regulation.

Work began on an improved data ingestion capability, to enable improved data reporting to SIRA by workers compensation insurers. We are also working to improve standardisation of data definitions to improve data quality and accuracy of analytics.

We commenced the development of a new intuitive online guide to claiming compensation and an online portal for injured workers seeking a merit review of a work capacity decision. These digital tools for injured workers will be implemented later in 2017.

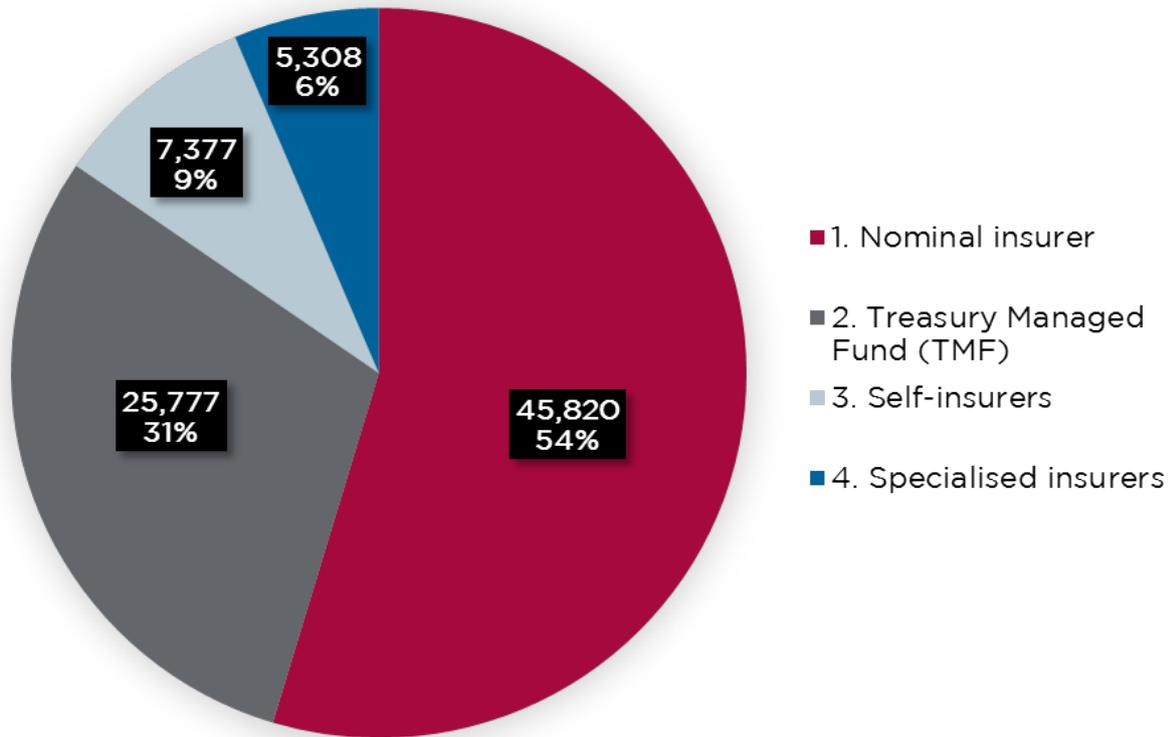
Customer enquiries

In 2016-17, we answered more than 61,400 enquiries from people calling 13 10 50 about workers compensation. This number decreased since last year when there were over 64,350 enquiries.

We also managed more than 2,540 workers compensation complaints.

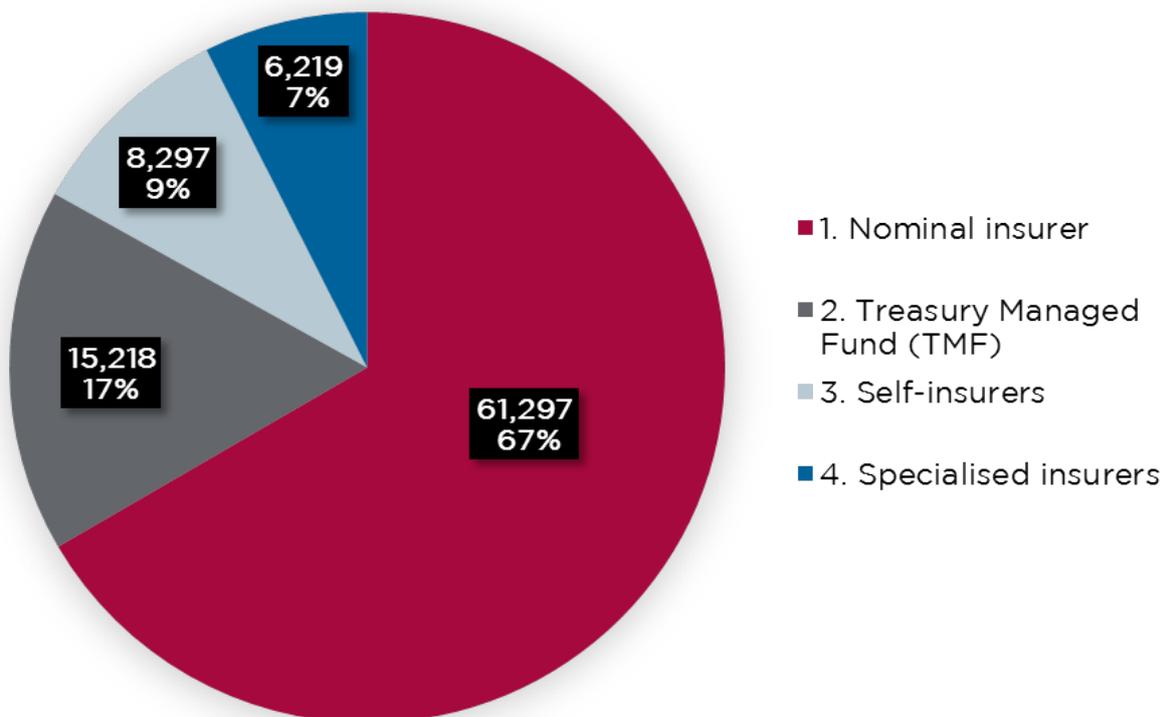
Workers compensation claims data

Graph 1: Number of open claims by insurer type at 30 June 2017



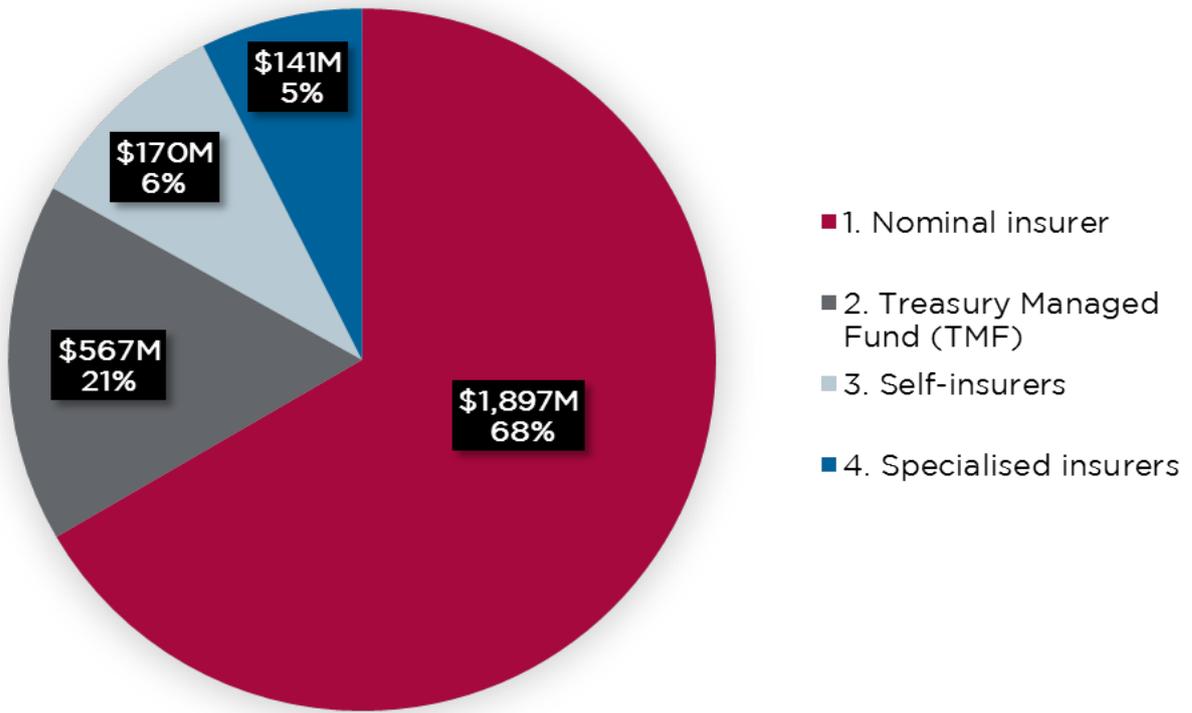
Note: Nominal insurer open claims include uninsured liability open claims.

Graph 2: Number and proportion of claims by insurer type 2016-17



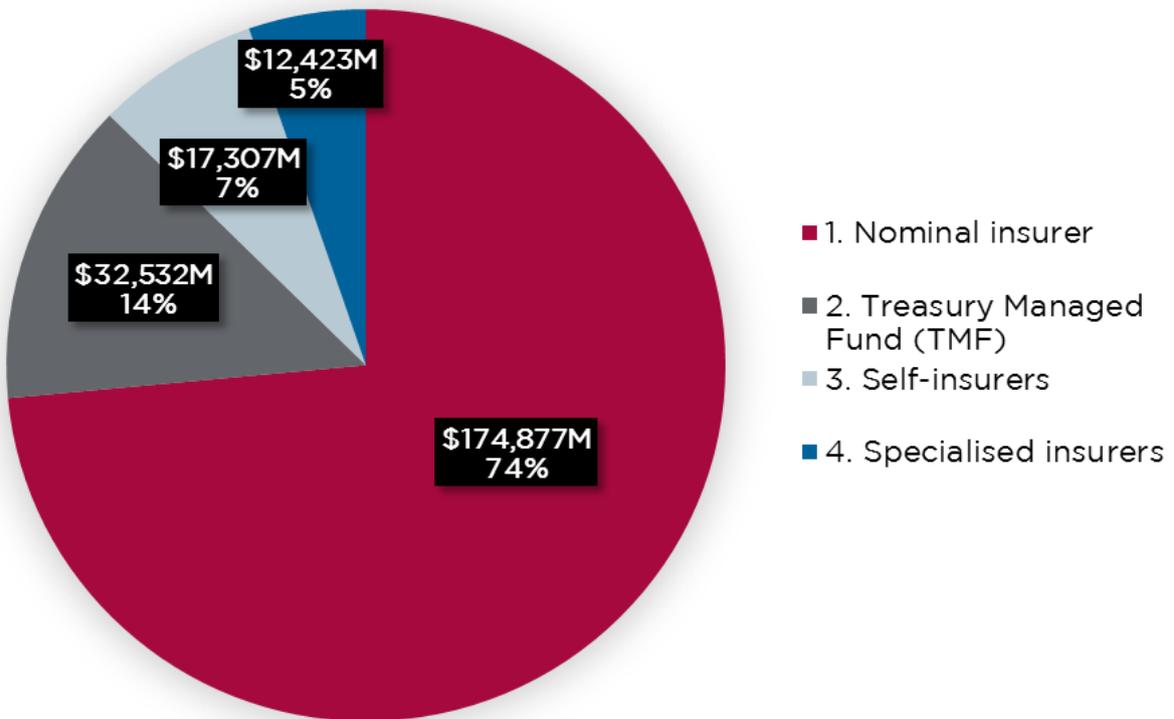
Note: Nominal insurer claims include uninsured liability claims.

Graph 3: Claim payments (\$ million) by insurer type 2016-17



Note: Nominal insurer claim payments include uninsured liability claim payments.

Graph 4: Total wages (\$ million) by insurer type 2016-17



Stakeholder engagement

SIRA meets regularly with a range of key employer, employee, professional and service provider peak bodies to seek input, provide information and identify priorities for improvement in the workers compensation system.

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
- Brain Injury Australia
- Workers Compensation Commission
- Workers Compensation Independent Review Office
- NSW Bar Association
- Law Society of NSW
- Australian Lawyers Alliance

Training conducted

Topic	Method	Audience	Attendees	Month
Allied health practitioner training program	Competency based online program	Allied health practitioners	4,499	July to January
Allied health recovery request	Webinar	Insurers and practitioners	369	Launched November
Allied health practitioner framework	Webinar	Allied health practitioners	203	Launched September
Evaluation of permanent impairment training	Face-to-face and online through external training provider	Specialist Medical Practitioners and other subject matter experts	171 modules	Launched February

Regulatory activities

Compliance

Over the last year SIRA has undertaken enforcement activities including:

- issuing of notices and finalisation of prosecutions
- five case management audits on self-insurers
- compliance assessment of 370 complaints relating to uninsured and underinsured employers.

Regulatory reviews

During 2016-17, regulatory reviews included:

- 68 private rulings to determine whether a person was a worker
- 39 cost of claims, wages and workers compensation industry classification appeals.

Investigations

During 2016-17, the Investigations Team:

- received 141 fraud referrals which were assessed and investigated. Where evidence existed supporting a prosecution, the Investigations Team proceeded to prosecute those involved.

Prosecutions

During 2016-17, several convictions were obtained against a number of fraudulent claimants in the workers compensation scheme, examples include:

- a person was given a suspended sentence of 10 months for a total cost of claim of \$24,258.46
- a person was given a suspended sentence of 15 months for a total cost of claim of \$96,764.81
- a person was convicted in absence for two claims totalling \$158,496.61 and an arrest warrant was issued
- two people have been found guilty of fraud and are awaiting sentencing.

During 2017-18, we will undertake compliance audit programs related to underpayment of premiums and the quality of claims management.

Home building compensation regulation

The home building compensation scheme, formerly known as home warranty insurance, is a mandatory form of building insurance in NSW.

The insurance helps homeowners as a last resort if their builder 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 must buy this insurance before starting work or accepting payment for residential building work costing more than \$20,000, such as new home constructions (including multi-unit buildings of three storeys or less) or home renovations.

Each year, this insurance scheme protects an average of 55,500 home building works in NSW. Each year, about 650 claims are made.

Since 2010, the NSW Government has been the only provider of this insurance. Insurance and Care NSW (icare) markets the insurance as 'icare hbcf' and issues cover through two contracted scheme agents.

SIRA has been responsible for regulating this insurance scheme since late 2015.



Reforming the scheme

When the NSW Government announced an overhaul of the scheme in November 2016, our role as regulator was to bring the reforms to fruition.

SIRA approved icare's premium filings in December 2016. This enabled icare to introduce risk-based pricing reforms and change its base premium prices from April 2017.

In the first half of 2017, we consulted with various government and non-government stakeholders to develop a proposal for legislative reform.

The *Home Building Amendment (Compensation Reform) Bill 2017* was passed by Parliament on 20 June 2017. Some provisions of the *Home Building Amendment (Compensation Reform) Act 2017* commenced on 30 June 2017.

Under these reforms, homeowners will continue to access the same high levels of mandatory protection (and potentially greater levels of cover) for home building risks through the scheme.

Private insurers or alternative indemnity product providers will be able to apply to SIRA for a licence to enter the home building compensation market alongside the government provider, icare.

Providers will be encouraged to offer innovative products, which must meet minimum standards, but may include other features. The reforms also enhance SIRA's regulatory powers to monitor and regulate the home building compensation scheme.

SIRA will conduct comprehensive consultation during late 2017 on the standards being developed for the new scheme, which will commence in early 2018.

Stakeholder engagement

Our home building compensation team started exhibiting at NSW Fair Trading's home building business expos to engage with builders and tradespeople in late 2016.

The building expos enabled SIRA to reach 971 builders with information about home building compensation insurance and regulatory compliance.

We also partnered with NSW Fair Trading at the Housing Industry Association Home Show in March 2017, which attracted tens of thousands of visitors seeking information on market trends in the home building industry, home building reforms and home building compensation fund insurance.

Fraud

SIRA referred 39 matters to NSW Fair Trading concerning possible false certificates and failure of builders to provide insurance before taking deposits for residential building work.

Customer enquiries

In 2016-17, we answered more than 700 enquiries from various stakeholders including NSW Government agencies, local councils, certifiers and the general public.

Motor accidents insurance regulation

SIRA regulates the Compulsory Third Party (CTP) insurance scheme for motor vehicles registered in NSW.

CTP insurance, also known as Green Slip insurance, is compulsory in all Australian States and Territories and a requirement of motor vehicle registration.

When a vehicle owner purchases Green Slip insurance, they are insuring themselves from their own liability for injuries or death of other road users caused by the fault of that vehicle.

The NSW scheme provides compensation for pedestrians, passengers, cyclists, motorcyclists, drivers of other vehicles and, to a limited extent, the driver at fault. It also provides compensation to close relatives for people killed in a motor vehicle accident.

One of SIRA's key activities is to licence and regulate private insurers that underwrite the scheme so that premiums are affordable and competitive, and injured people receive fair benefits and early and appropriate treatment and rehabilitation to achieve optimal recovery.



CTP Green Slip reform

A significant focus for 2016-17 was the completion of a review of the NSW Motor Accidents CTP Scheme, which commenced in March 2016. The review was built on four key NSW Government objectives:

- increasing the proportion of benefits provided to the most seriously injured road users
- reducing the time it takes to resolve a claim
- reducing opportunities for claims fraud and exaggeration
- reducing the cost of Green Slip premiums.

During 2017 we consulted extensively on scheme design issues and in particular, the 'hybrid' approach (defined benefit/common law system), which was the model most preferred in stakeholder and general community feedback.

CTP reform consultation observations

In July and August 2016, the CTP Reform Reference Panel ('reference panel') led consultations with over 40 service providers and stakeholders to gain their views on details and processes required to implement the Government's preferred reform model.

The reference panel - chaired by SIRA Board Deputy Chair, Nancy Milne OAM, and former Government minister, the Hon. John Della Bosca - released the paper *CTP reform consultation observations* (September 2016).

Two streams of consultation were undertaken concurrently to inform:

- scheme design benefits and dispute resolution
- premium setting and competition.

Reports by the SIRA Board on scheme reform

The SIRA Board led further targeted consultation with a broad range of stakeholders focussing on:

- improvement in claims handling and dispute resolution services
- insurance profit reforms.

Two reports were published on the SIRA website, informing legislative change:

- Insurer claims handling and dispute resolution in compulsory third party (CTP) motor accident insurance (January 2017)
- Reforming insurer profit in compulsory third party (CTP) motor vehicle insurance (January 2017).

A new CTP scheme

The *Motor Accident Injuries Act 2017* was passed by NSW Parliament on 30 March 2017 and establishes a new CTP scheme starting 1 December 2017.

The new scheme will lead to lower cost Green Slips for vehicle owners. It also introduces:

- a six month no-fault period for all injured road users, including for the first time weekly income payments if time off work is needed
- a simpler, online claims notification process and improvements to claims management
- a faster and less adversarial dispute resolution process
- ongoing medical treatment and care benefits for those more seriously injured who are not at fault in the accident, for life if needed.

It provides continued common law access for those with more serious injuries. To ensure prices are reduced, the new scheme enables stronger regulation of insurer expenses and profits, and legal fees.

Implementing the new CTP scheme

In April 2017, SIRA established a comprehensive implementation program including stakeholder engagement, communications, risk management, insurer licensing, premiums and profit, claims and injury management, dispute resolution, data and digitisation, and the regulations and guidelines that provide the detail that drives the new scheme.

A CTP Reform Ministerial Implementation Group was convened in June 2017 to provide direct dialogue between senior insurance industry leaders, and the heads of legal professional bodies, Minister Dominello, the Secretary, Department of Finance, Services and Innovation, the Chair of the SIRA Board and SIRA Executive.

CTP Premium Setting

In the period leading up to reform, SIRA completed a review of the current premium setting process and tools. This resulted in:

- introduction of a Risk Equalisation Mechanism which will help drive affordability, remove any anti-competitive behaviour by insurers and encourage more competition by sharing cross-subsidies for high risk vehicles at an industry level
- revised Premium Relativities which reflect the new scheme
- changes in the range of premiums that insurers can charge without adversely impacting high risk customers
- introduction of a Profit Normalisation Mechanism that will prevent excessive future profits for insurers from occurring and protect insurers, should the saving assumptions in the new scheme prove inadequate.

Claimant experience transformation project

In May 2017, work commenced on enhancing the claims experience in the new CTP scheme. Key deliverables of the program include insights into the current claimant journey, a set of customer centric principles that will underpin the claimant experience in the new scheme, and increased support services for claimants. The claimant experience transformation project will be an ongoing program of work.

Data analytics to support SIRA's regulatory role in CTP

Work commenced on a number of projects to build advanced data analytics capabilities to support SIRA's regulatory and compliance role for the CTP scheme. This includes the establishment of a Universal Claims Database (UCD), which will involve more frequent collection of key industry data (particularly from insurers), and the development of dashboards and visualisation tools.

Developing regulations and guidelines for the new scheme

Extensive consultation was held with CTP insurers, the Insurance Council of Australia, legal professional associations and clinical and academic subject matter experts with experience in motor vehicle injuries and other relevant stakeholders, on the drafting of regulatory inclusions and the *Motor Accident Guidelines* (Guidelines). The Guidelines are instruments that support and expand upon the Act and Regulations for the new scheme.

Topics covered by the Guidelines include: dispute resolution, premium determination, claims handling and minor injury assessment.

Broader stakeholder consultation is planned for later versions of the draft Regulations and Guidelines.

Autonomous motor vehicles

The National Transport Commission (NTC) has been investigating the legal barriers to automated vehicles. We continued to work collaboratively with the NTC and Transport for NSW to regulate the emerging automated vehicle industry. SIRA provided advice to NTC about CTP scheme policy and automated vehicles and participated in consultation forums. As part of the national reform agenda, we provided input to the guidelines for trials of automated vehicles in Australia which were approved by transport Ministers in May 2017.

SIRA also led ongoing national discussions in relation to autonomous vehicles and CTP insurance through the Heads of Australian and New Zealand Motor Accidents Insurance Schemes.

Point-to-point transport industry

Following SIRA roundtable discussions with the taxi and ride-share industry, the NSW Government announced it will be introducing an innovative new pricing system for CTP insurance for taxis and ride-share services that will make premiums fairer and more affordable.

Under the new premium arrangements (which will commence with the new CTP scheme), taxi and ride-share vehicle owners will pay a base premium, plus an additional variable component based on their vehicle usage, which will be collected through in-vehicle technologies such as telematics. The new arrangements will ensure that CTP insurance accurately reflects a motor vehicle's risk and usage.

CTP claims handling and medical guidelines released

The new *Motor Accident Guidelines: Claims handling and medical (treatment, rehabilitation and care)*, were issued to insurers in December 2016 to take effect from 1 January 2017. The Guidelines clarify what is expected of insurers when they handle a claim in the current scheme and marked a move to a principles-based approach to insurer supervision and regulation with an insurer self-assessment audit required in late 2017.

Countering fraud

As part of the multi-agency taskforce formed in 2016 to deter, detect and prosecute fraudulent claims, SIRA worked in strong collaboration with the NSW Police Force and CTP insurers, as well as other peak and investigative bodies. The taskforce led to the establishment of the NSW Police Strike Force Ravens in August 2016.

SIRA worked extensively with the NSW Police to provide analysis and data on the CTP scheme and suspected unlawful activity. As a result, the NSW Police were provided with mapped data analysis and intelligence indicating participants within the scheme whom were associated with increased rates of claims.

In 2016-17, Strike Force Ravens resulted in 11 arrests and 89 charges, concerning fraudulent claims totalling in excess of \$10 million. Further arrests are expected to be made in 2017-18.

Strike Force Ravens has also investigated fraudulent activities of service providers in the CTP scheme and referred one service provider to the Health Care Complaints Commission (HCCC) for unethical conduct.

SIRA continues to provide support in the form of intelligence and data to the NSW Police as part of their ongoing partnership to target fraud within the NSW CTP scheme. Following publicity about arrests by Strikeforce Ravens, SIRA has identified reductions in minor represented claims and increased levels of withdrawn claims within the scheme.

In March 2017, following reports of organised fraud involving the sale of a large number of new Green Slip policies, SIRA issued a media release warning NSW motorists who paid cash for their policy to check with their insurer, authorised agent or broker to confirm they hold a valid policy.

The introduction of a defined benefit scheme through the *Motor Accident Injuries Act 2017* with common law options for the more seriously injured aims to reduce the

opportunity and incentives for claimants to defraud the scheme. This will directly reduce the cost of Green Slips for all motor vehicle owners.

Stronger regulation

Under the *Motor Accident Injuries Act 2017* (to commence late 2017), SIRA has been given the function to investigate and prosecute fraudulent claims, along with increased penalties for fraudulent claims and expanded data gathering and sharing powers in the detection, investigation and prosecution of fraudulent claims.

Financial penalties for false and misleading claims have increased to \$55,000 and the imprisonment term has been doubled to two years. These penalties have also expanded to other parties, not just the claimant, who obtain financial advantage by deception in making false and misleading claims. The new Act also provides SIRA with extended powers to require insurers to provide their data for detection and prosecution of fraudulent claims. The Act authorises SIRA to exchange data with other relevant insurance or compensation authorities that administer like schemes across Australia.

In relation to insurer compliance and behaviour, SIRA's investigative powers have been strengthened, allowing SIRA to appoint investigation officers, apply for search warrants and obtain information, documents and evidence. In addition, the financial penalty for an insurer that refuses to cooperate or provides false and misleading information in a SIRA investigation has been doubled to \$11,000.



CTP data and digital innovation

Green Slip Price Check

Work commenced on a complete replacement of the Green Slip calculator which provides motor vehicle owners with an online CTP insurer price comparison.

Behind the scenes, the Green Slip Price Check will integrate with new insurance rating-engine software.

The Green Slip Price Check will be available on a range of different devices in late 2017.

Online Claim Notification

The Online Claim Notification project commenced in early 2017. Once completed, the project will enable people injured in motor vehicle accidents to submit a notification digitally to SIRA, who will identify the insurer responsible for the claim and forward the notification to that insurer. This will allow insurers to connect with injured people faster and move them quickly into the claims process.

Pilot and integration testing commenced in mid-2017. This is the first step towards the launch of a number of online capabilities for claimants and their representatives using leading case management software solutions.

Enhanced insurance policy data collection system

The introduction of an automated insurance policy data collection system has enabled insurers to submit policy data to SIRA electronically. This resulted in a uniform approach to policy data delivery by insurers.

This technology has improved the quality of data SIRA collects as the number of data fields has been significantly increased. Our Application Program Interface is available 24 hours a day so data can be submitted to SIRA frequently. Error records are able to be returned promptly, encouraging insurers to investigate, correct and resubmit, which contributes to enhanced data quality. The project will drive improved data analytics.

Better recovery supported

We helped people injured in motor vehicle accidents to recover from their injuries by providing information and education, and promoting evidence-based treatment. Various other targeted initiatives were conducted during the year. We provided:

- online training for 199 health service providers about working in the scheme, delivering services to claimants and working with insurers
- nine workshops for 172 stakeholders including CTP insurance staff, legal professionals and health providers on the management of claimants with complex needs, assessing whole person impairment and developing goals with injured people.

In November 2016, we updated and relaunched the online Injury Advice Centre, to provide easy to use advice to help injured people recover. Since launching, some highlights include:

- an average of 30 visits to the page per day, of which:
 - two thirds were to injury specific advice, mostly whiplash
 - seven visitors accessed more than one page
 - each visitor spent approximately two minutes on each page
- an average of two views per day of the 'Get Moving' video, which promotes the management of acute whiplash associated disorders.

In December 2016, we began hosting our online training module through the Personal Injury Education Foundation (PIEF) to improve the service delivery for allied health practitioners.

We published a new online resource for families and professionals to help children recover emotionally after a car crash. These resources were developed in partnership with Professor Justin Kenardy and Dr Katrina Moss from the Recover Injury Research Centre, at the University of Queensland.

Information about recovering emotionally after a car crash is now available in 13 community languages in the Injury Advice Centre.

We engaged GP software providers to host the whiplash factsheet so that GPs can access this valuable information at the time of consultation. This has helped ensure that people with a whiplash injury attending their GP are provided with the best recovery advice at the right time.

In March 2017 we released a new motor accidents guide for allied health practitioners and new forms for requesting treatment, rehabilitation and attendant care services. The guide gives practical advice to allied health practitioners providing treatment, rehabilitation and care services to injured people.

Collaboration with road safety agencies

SIRA continued to collaborate with key agencies, including the NSW Centre for Road Safety, to prevent and minimise road trauma and improve road safety.

The NSW Road Safety Strategy 2012-2021 adopts a Safe System approach to injury prevention. The ultimate goal is to achieve zero deaths and serious injuries on NSW roads.

The four elements of a Safe System are safer people, safer roads, safer vehicles and safer speeds.

The Safe System approach is underpinned by three important principles:

1. People are human and sometimes make mistakes.
2. Roads, roadsides and vehicles need to be designed to minimise crashes.
3. Road safety is a shared responsibility – everyone needs to make safe decisions on and around the road to prioritise safety.

Key collaborative initiatives included:

- a data linkage project between Transport for NSW, NSW Health and SIRA to inform evidence-based policy by linking: injury, claims, payments and crash data
- funding for road safety campaigns on motorcycle riders, fatigue, speeding reduction, drink driving impaired driving and child restraints
- funding for research, projects and initiatives including the National Road Safety Partnership Program, the Used Car Safety Rating guide and the Australian Naturalistic Driving Study
- implementation of motor cycle protective clothing safety rating system
- safer drivers course implementation project.

Dispute resolution services

SIRA's dispute resolution services is responsible for delivering SIRA's independent statutory, alternative to court dispute resolution services, including the:

- Motor Accidents Medical Assessment Service (MAS)
- Motor Accidents Claims Assessment and Resolution Service (CARS)
- Workers Compensation Merit Review Service (MRS)
- NSW CTP Lifetime Care Dispute Reviews and
- ACT CTP and Workers Compensation Lifetime Care Dispute Reviews.

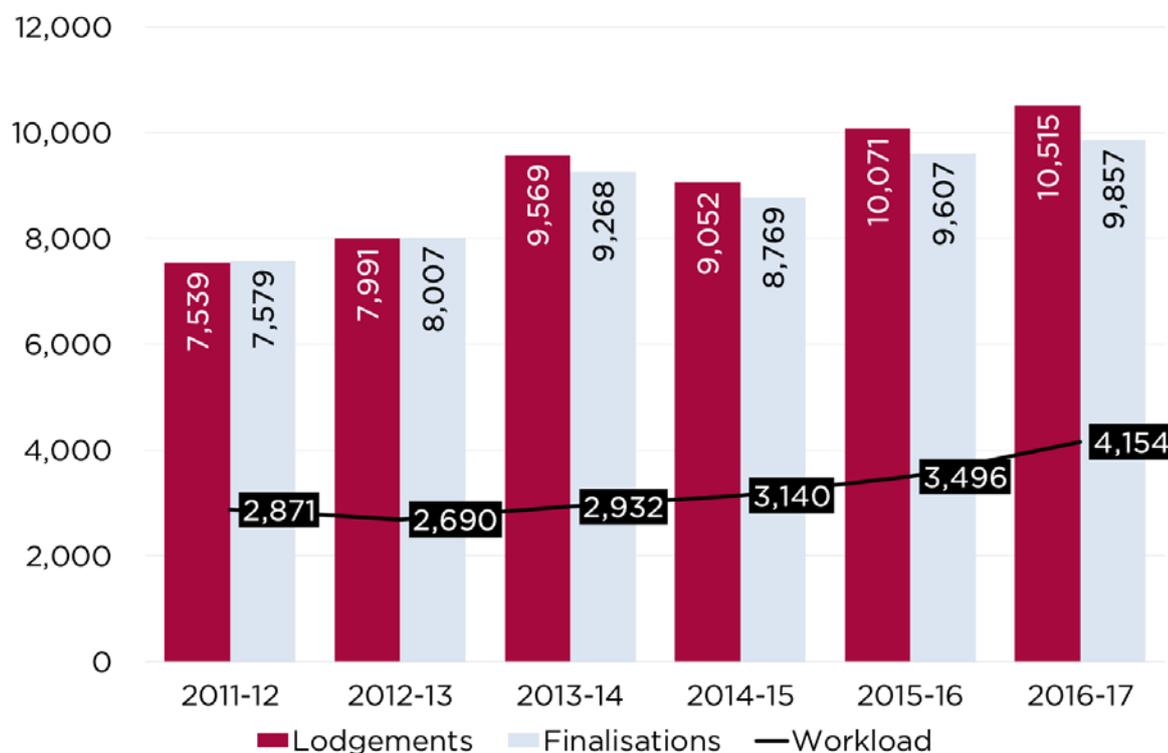
Disputes lodged

In 2016-17, more than 10,500 dispute resolution applications were lodged with dispute resolution services, an increase of about 500 applications (4.5 per cent) from 2015-16, and significantly more than in recent years.

The number of dispute applications has increased by over 40 per cent in the past five years, flowing on directly from the increase in the number of new claims lodged in the NSW Motor Accidents CTP scheme over the prior seven years.

Dispute resolution service – lodgements, finalisations and workload¹

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



¹ The figures reported in previous financial years may differ from the numbers reported in the 2015-16 Annual Report. This is due to updating of data for previous years including some finalised applications having since been reopened.

Number of dispute resolution service lodgements by year and type

Type	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17 change	
Medical assessments	4,054	4,419	4,659	4,821	5,417	5,526	109	2%
Claims assessments	1,466	1,418	1,410	1,660	1,880	2,229	349	18%
Claims assessment exemptions	2,017	2,029	2,393	1,814	2,098	2,232	134	6%
Merit reviews	2	123	1,132	748	684	522	-162	-24%
Lifetime care reviews	2	2	2	8	9	6	-3	-33%
Total	7,539	7,989	9,594	9,043	10,079	10,515	436	4%

Disputes resolved

SIRA's alternative to court dispute resolution services (available free to injured people and insurers) finalised more than 9,800 applications in 2016-17, up 5% on 2015-16.

Despite our increasing workload, we have reduced dispute finalisation timeframes by improving our case management and dispute resolution processes.



Motor Accidents Claims Assessment and Resolution Service (CARS)

Timeframes for special assessments of procedural disputes was reduced by a further 13 per cent from last year, down to 48 days.

Over the last five years, the lifecycle of special assessment disputes has reduced by 40 per cent, with 20 per cent more determinations now being made.

The quality of decision making also remains high, with only 0.3 per cent of applications finalised in the year being subject to an application for an administrative review by the courts.

The 30 CARS claims assessors were appointed until 30 June 2019, and also participated in annual performance monitoring, briefing sessions and workshops.

The CARS Principal Claims Assessor, our staff and claims assessors delivered a number of conference papers and seminars to the legal profession and insurance industry to share information, improve claims management decision making and minimise scheme disputation.

Motor Accidents Medical Assessment Service (MAS)

Our panel of 150 independent expert medical assessors were appointed until 30 June 2018, and participated in annual performance monitoring and training, including joint sessions with accredited medical specialists from the Workers Compensation Commission.

Merit Review Service (MRS)

The volume of work capacity decision merit review applications lodged and resolved has continued to stabilise, after a significant peak in lodgements at the start of the 2012 scheme.

We also continued to publish notable merit review decisions on the SIRA website to increase transparency, inform scheme participants, promote consistency across the scheme and minimise disputation.

A new legal costs regulation introduced in December 2016 allows workers to seek legal advice in connection to a merit review application following an internal review by the insurer.

Merit Reviews are being resolved in the lowest average lifecycle to date of 20 working days (29 calendar days including weekends and public holidays).

We have now launched a Merit Review Portal with significant benefits for injured workers, insurers, representatives, staff and decision makers including:

- accessibility for all users
- fairness and transparency through real-time access to information and decisions
- timeliness
- being better for the environment through an online, rather than paper-based system.

Lifetime Care and Support Reviews

In the Lifetime Care and Support (LTCS) scheme, only a small number of disputes were referred to SIRA for resolution, with six applications lodged compared to eight last year.

There were three disputes lodged about treatment and care, and three about eligibility to the LTCS scheme.

Our people

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

While SIRA is administratively linked to the Department of Finance, Services and Innovation (DFSI), the SIRA Board oversees our strategic direction and performance and the Chief Executive manages SIRA's operations.

In 2016-17, DFSI provided SIRA with shared services support in areas of governance, communications, finance, information and technology services, investment, human resources, legal, policy, procurement, and strategy and performance.

Human resource statistics

The number of SIRA's full time equivalent staff was 220.6 when the *Workforce profile census data* was collected on 29 June 2017.

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

Classification	2015-16	Classification	2016-17
Administration and clerical	323	Administrative and clerical officers	204.6
Legal officers	4		
Senior management (senior executive service)	9	Public Service Senior Executives (GSE Act 2013)	15
Senior officers	8		
Statutory Officers	1	Statutory Officers	1
Total	345 ¹		220.6 ¹

Note: Classification changes from 2015-16 to 2016-17 with the implementation of the *Government Sector Employment Act 2013*.

In the past financial year there was a decrease in externally advertised ongoing roles from 66 to 45. In addition we continued to activate talent pools to reduce both the time and cost of traditional recruitment activities for 40 positions.

The Better Regulation Executive restructure was completed in December 2016, with 13 of 15 roles filled and the remaining roles filled in 2017. One additional executive role was filled in 2017 with another currently in process.

The Better Regulation non-executive reform took place between December 2016 and March 2017, resulting in 54 roles for SIRA that were successfully recruited externally.

¹ The total number reported for 2015-16 was the number of people, not the full time equivalent. The number reported for 2016-17 is full time equivalent staff. Government and Corporate Services staff were counted in the 2015-16 total and have not been counted in the 2016-17 total as they have been transferred to DFSI and provide shared services to SIRA.

Work, health and safety

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

We reported five new claims during 2016-17 at an average incurred cost of \$36,577 per claim, compared to \$41,249 in 2015-16. Two of these claims are of a psychological nature and three relate to musculoskeletal and connective tissue injuries.

The Employee Safety and Wellbeing (ESW) team actively assisted business units to return injured workers within 13 weeks by identifying suitable duties, and working with Allianz to finalise inactive claims.

During the year, employees had access to:

- Get Healthy at Work initiative - a NSW Government workplace health service funded by icare which aims to help improve the health of working adults by giving workplaces tools and support to address:
 - healthy eating
 - healthy weight
 - physical activity
 - active travel (e.g. walking, cycling, public transport to work)
 - smoking
 - harmful alcohol consumption
- free flu vaccinations
- discounted gym memberships
- quit smoking incentives
- a free, professional counselling service
- a bullying response service that provided independent support and advice on workplace bullying matters
- a critical incident support program.

Flexible working

SIRA is a flexible working organisation. We acknowledge that successful performance can be attributed to work practices which give greater recognition to employees' lifestyle and family responsibilities.

SIRA offers employees the following flexible working options:

- working from home
- varied working hours
- career break
- part and variable year employment
- job sharing
- part-time work.

Our culture

We continue to develop a strong high performance, wellbeing and inclusion focused culture, so we can make a difference to the people of NSW.

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. The SIRA culture includes a shared focus on wellbeing and inclusion, and a strong motivation to improve the wellbeing of the people of NSW.

SIRA aims to attract and retain a broad range of highly skilled and motivated people who can make a difference to NSW and meet the challenges of delivering our reform program across the insurance systems we regulate.

SIRA is actively involved in diversity and inclusion programs and activities led by DFSI including the DFSI Great Place to Work (GPTW) strategy, Diversity Advisory Council and Ambassador Network.

People Matter Employee Survey

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 achieved sound results in employee engagement, engagement with work, being a high performance organisation and demonstrating public sector values.

Our results were particularly pleasing as a workplace that supports diversity and inclusion.

Staff awards

Exceptional performance was recognised at the BRD and SIRA staff awards at Parliament House in June 2017.

Nine panels, led by an Executive Director and each made up of Directors from across the business, chose the finalists and winners for the awards.

SIRA award winners were:

Award category	Award winner
Pursuit of Excellence	CTP Reform team
Data and Digital Special Commendation	Brad Matthews
Great Place to Work	Bec Ingleton
Community	Jane Baker
Chief Executive Special Commendation	Jodie Wilson

Great Place to Work

The SIRA Great Place to Work team encourages employees to engage with their peers and improve culture and leadership through a number of initiatives. In 2016-17, some of these included:

- Harmony Day
- NAIDOC Week
- International Women's Day
- R U OK? Day
- Australia's Biggest Morning Tea.

Diversity

Trends in the representation of workforce diversity groups

Workforce Diversity Group	Benchmark /target	2015 ^{1,2}	2016 ^{1,2}	2017 ¹
Women ³	50%	N/A	69.9%	60.3%
Aboriginal People and Torres Strait Islanders ⁴	3.3%	N/A	0.9%	0.9%
People whose first language spoken as a child was not English ⁵	23.2%	N/A	6.1%	10.3%
People with a disability ⁶	N/A	N/A	4.6%	5.1%
People with a disability requiring work-related adjustment ⁶	N/A	N/A	2.0%	2.6%

Trends in the distribution of workforce diversity groups

Workforce Diversity Group	Benchmark /target ^{7,8}	2015	2016	2017
Women	100	N/A	95	97
Aboriginal People and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	N/A	107	98
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 18 June 2015, 30 June 2016 and 29 June 2017.

² Workforce diversity statistics for 2015 and 2016 reflect the current composition of the department and may vary from those reported in previous annual reports.

³ The benchmark of 50% 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% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

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% is the percentage of the NSW general population born in a country where English is not the predominant language.

⁶ Work is underway to improve the reporting of disability information in the sector to enable comparisons with population data. For this reason, no benchmark has been provided for people with a disability or for people with a disability requiring work-related adjustment.

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

SIRA has continued its involvement with DFSI's Disability Inclusion Action Plan (DIAP). Launched in December 2015, the DIAP demonstrates SIRA's 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.

As a 'digital first' agency, we're constantly improving our website's accessibility standards in order to provide equal access and opportunity to people with disabilities.

Diversity Advisory Council

The Diversity Advisory Council oversees the implementation of DIAP initiatives. Members of the Council act as advocates to drive initiatives through their divisions.

In April 2017, Employee Resource Groups (ERGs) were established to focus on the following diversity areas:

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

The purpose of each ERG is to assist and inform the Diversity Advisory Council to build a diverse and inclusive workforce that is better able to engage with and understand the needs and expectations of its employees and customers.

Each ERG is allocated at least one Executive Sponsor who are members of the Diversity Advisory Council and are responsible for sponsoring and promoting ERGs across the department.

ERG Members are employees of DFSI who are also members of a diversity group, as well as staff who have an interest in issues associated with a diversity group and can demonstrate commitment to building a diverse and inclusive workplace.

SIRA's Acting Chief Executive is a member of the DFSI Diversity Advisory Council and the executive sponsor for the Employee Resource Group for People with Disability, called 'Ability DFSI'.

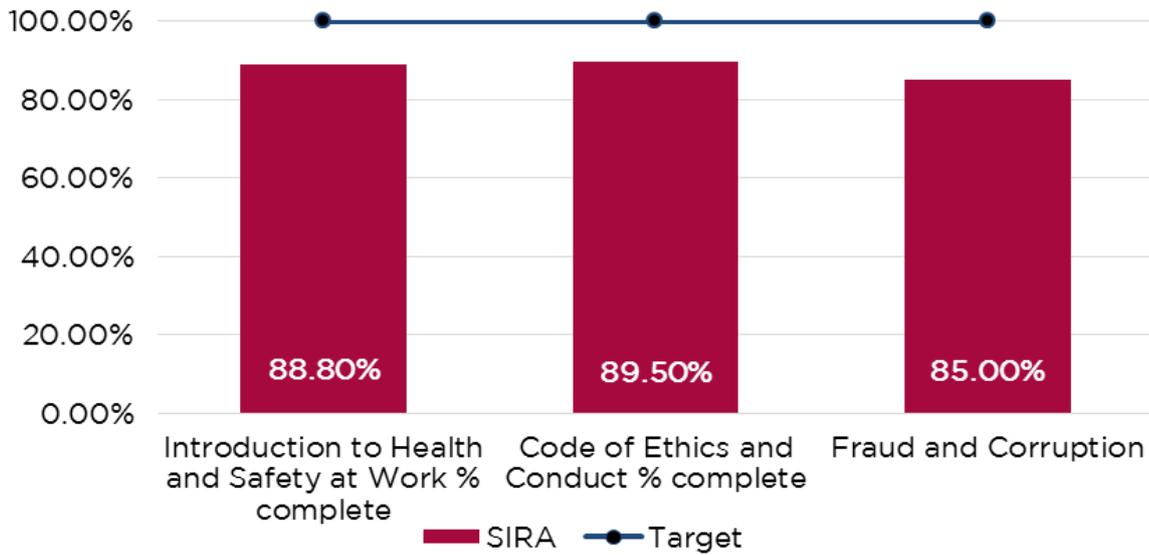
The 'Ability DFSI' ERG will play a role in developing and implementing initiatives to support the DIAP, and increase understanding about people with disability across DFSI.

Relocation to McKell building

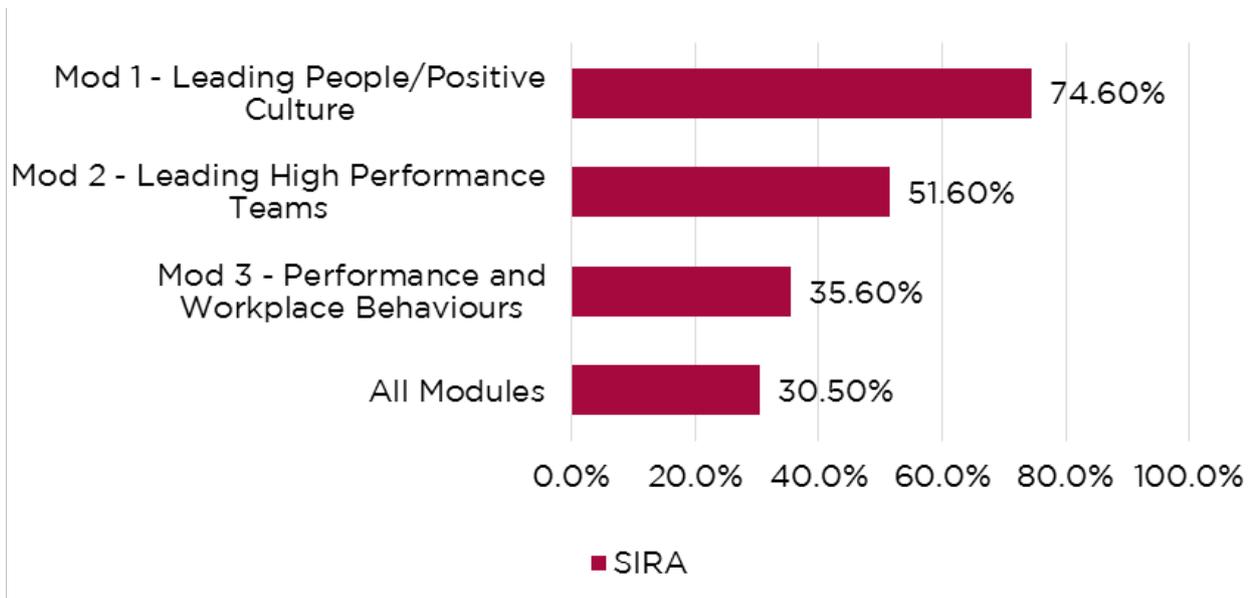
In February 2017, SIRA staff located in the 580 George Street premises moved to the McKell building at Haymarket. The move has enabled greater collaboration with our DFSI colleagues.

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. 91.2 per cent of new starters have completed their mandatory training. This is based on the number of employees who have reached their due date for completing training and the ratio who have completed required training to date.

Public interest disclosures

The *Public Interest Disclosures Act 1994* (PIDA) 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 GIPA Act.

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

Since 2015-16, we have made SIRA employees aware of their rights and responsibilities under the *Public Interest Disclosures Act 1994* 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.

One public interest disclosure was made within SIRA in 2016-17.

Policy attestations

Digital information security

Digital information security attestation statement

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 2016-17 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
Acting Chief Executive
State Insurance Regulatory Authority

Internal audit and risk management

Internal audit and risk management attestation statement

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year for State Insurance Regulatory Authority.

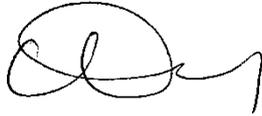
I, Carmel Donnelly, Acting Chief Executive, am of the opinion that the State Insurance Regulatory Authority (SIRA) has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW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

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition ¹
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, from 19 April 2016 to 18 April 2019



Carmel Donnelly
Acting Chief Executive
State Insurance Regulatory Authority

Date: 29/9/17

Contact Officer
Geoff Campbell
Chief Audit Executive 9372 8040
Geoff.campbell@finance.nsw.gov.au

Risk management

SIRA has adopted the DFSI Risk and Resilience Policy and Framework.

SIRA has identified its strategic risks and assigned executive risk owners to those risks. The risks have been evaluated and treatment strategies identified and implemented. Refinement of strategic risk management actions is ongoing. A strategic level risk appetite statement has also been developed.

SIRA is developing its business level risk management in line with the DFSI approach, focusing on risk themes and scenarios for operational activities. Regular reporting of its risk management status is made to the SIRA Audit and Risk Committee and Board.

Insurance activity

Table A: Number of claims

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

Table B: Net incurred claims cost

	2015-16	2016-17
Workers compensation	\$82,498.78	\$188,079.68
Motor vehicle	-	-
Property	-	-
Liability	-	\$49,300.00
Miscellaneous	-	-
Total	\$82,498.78	\$237,379.68

Credit card statement



**State Insurance
Regulatory Authority**

Locked Bag 2906, Lisarow NSW 2252
Customer Service Centre 13 10 50
ABN 19 241 815 442 | www.sira.nsw.gov.au

26 July 2017

The Hon. Victor Dominello MP
Minister for Finance, Services & Property
52 Martin Place
SYDNEY NSW 2000

UNCLASSIFIED

Dear Minister

The New South Wales Treasury Policy & Guidelines Paper on Credit Card use requires Chief Executive Officers to certify to their Minister that credit card use in their department is in accordance with the Premier's Memorandum and Treasurer Directions.

On Behalf of the State Insurance Regulatory Authority (SIRA) I certify that all cardholders for the period of 1 July 2016 to 30 June 2017 have used their cards in accordance with SIRA Corporate and Purchasing Credit Card Policy and in accordance with the Premier's Memorandum and Treasurer Directions.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Andrew Nicholls', written over the words 'Yours sincerely'.

Andrew Nicholls
A/Chief Executive Officer
State Insurance Regulatory Authority

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

State Insurance Regulatory Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of State Insurance Regulatory Authority (the Authority), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary 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 2017, 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.

The Acting Chief Executive's Responsibility for the Financial Statements

The Acting Chief Executive 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 Acting Chief Executive 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 Acting Chief Executive must assess the Authority's ability to continue as a going concern except where the Authority will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility 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.



Steven Martin
Assistant Auditor General, Financial Audit Services

20 September 2017
SYDNEY

Our finances

Financial statements for the year ended 30 June 2017 State Insurance Regulatory Authority

Statement by the Chief Executive

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 2017 and transactions for the year then ended
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
Acting Chief Executive
State Insurance Regulatory Authority

13 September 2017

Statement of comprehensive income for the year ended 30 June 2017¹

		Actual 2017	Budget 2017	Actual 2016
	Notes	\$'000	\$'000	\$'000
Expenses excluding losses				
Operating expenses				
Personnel services	2(a)	49,398	60,178	61,993
Other operating expenses	2(b)	76,655	66,397	50,348
Depreciation and amortisation	2(c)	1,266	2,876	1,427
Grants and subsidies	2(d)	4,678	12,300	3,638
Finance costs	2(e)	2,034	-	1,910
Other expenses	2(f)	350,948	276,003	329,819
Total expenses excluding losses		484,979	417,754	449,135
Revenue				
Levies, retained taxes, fees and fines	3(a)	494,644	377,746	392,421
Investment revenue	3(b)	9,717	6,990	10,969
Sale of goods and services	3(c)	21,344	30,934	46,278
Grants and contributions	3(d)	-	365	343
Other revenue	3(e)	3,635	478	13,605
Total revenue		529,340	416,513	463,616
Operating result		44,361	(1,241)	14,481
Gain/(loss) on disposal	4	(30)	-	(175)
Other gains/(losses)	5	(766)	-	313
Net result		43,565	(1,241)	14,619
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		43,565	(1,241)	14,619

¹ As the *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 the comparative information is for a 10 month period only.

Statement of financial position as at 30 June 2017¹

		Actual 2017	Budget 2017	Actual 2016
	Notes	\$'000	\$'000	\$'000
Assets				
Current assets				
Cash and cash equivalents	7	138,723	123,153	71,690
Receivables	8	66,899	29,692	81,351
Financial assets at fair value	9	187,735	155,885	169,498
Total current assets		393,357	308,730	322,539
Non-current assets				
Receivables		-	1	-
Property, plant and equipment	10	3,927	12,417	2,158
Intangible assets	11	2,847	1,279	831
Total non-current assets		6,774	13,697	2,989
Total assets		400,131	322,427	325,528
Liabilities				
Current liabilities				
Payables	13	46,585	31,772	15,626
Provisions	14	15,199	28,020	26,173
Other	15	8,860	8,065	8,615
Total current liabilities		70,644	67,857	50,414
Non-current liabilities				
Payables	13	107,650	92,842	88,069
Provisions	14	12,175	11,774	13,444
Other	15	94,634	90,266	102,138
Total non-current liabilities		214,459	194,882	203,651
Total liabilities		285,103	262,739	254,065
Net assets		115,028	59,688	71,463
Equity				
Accumulated funds		115,028	59,688	71,463
Total equity		115,028	59,688	71,463

¹ As the *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 the comparative information is for a 10 month period only.

Statement of changes in equity for the year ended 30 June 2017

	Note	Accumulated funds	Asset revaluation reserve	Total
		\$'000	\$'000	\$'000
Balance at 1 July 2016		71,463	-	71,463
Net result for the year		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	16	-	-	-
Balance at 30 June 2017		115,028	-	115,028
Balance at 1 September 2015 ¹		-	-	-
Net result for the period		14,619	-	14,619
Other comprehensive income		-	-	-
Total comprehensive income for the period		14,619	-	14,619
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	16	56,844	-	56,844
Balance at 30 June 2016		71,463	-	71,463

¹ As the *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 the comparative information is for a 10 month period only.

Statement of cash flows for the year ended 30 June 2017

		Actual 2017	Budget 2017	Actual 2016 ¹
	Notes	\$'000	\$'000	\$'000
Cash flows from operating activities				
Payments				
Personnel services		(60,208)	(62,614)	(64,123)
Grants and subsidies		(4,678)	(12,300)	(3,638)
Other		(425,978)	(344,862)	(423,299)
Total payments		(490,864)	(419,776)	(491,060)
Receipts				
Sale of goods and services		29,615	33,287	277
Levies, retained taxes, fees and fines		499,811	375,235	388,957
Interest received		2,856	5,155	5,451
Grants and contributions		-	365	-
Other		38,217	636	41,839
Total receipts		570,499	414,678	436,524
Net cash flows from operating activities	17	79,635	(5,098)	(54,536)
Cash flows from investing activities				
Proceeds from sale of plant and equipment		7	-	-
Purchases of property, plant and equipment		(1,565)	(13,155)	(356)
Purchases of investments		(14,387)	(1,161)	(7,435)
Proceeds from sale of investments		3,343	7,000	4,086
Other		-	(1,000)	-
Net cash from investing activities		(12,602)	(8,316)	(3,705)
Net increase/(decrease) in cash		67,033	(13,414)	(58,241)
Opening cash and cash equivalents		71,690	136,567	-
Cash transferred in as a result of administrative restructure		-	-	129,931
Closing cash and cash equivalents	7	138,723	123,153	71,690

¹ As the *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 the comparative information is for a 10 month period only.

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 2017 have been authorised for issue by the Chief Executive Officer on 12 September 2017.

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 22. 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, assets held for sale 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.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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 14 - Current/non-current liabilities - provisions
- Note 15 - Current/non-current liabilities - other (outstanding claims)
- Note 23 - 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 Note15)

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 associated GST, except that the:

- amount of GST incurred by the Authority as a purchaser that is not recovered from the Australian Taxation Office 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 Australian Taxation Office 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(5) of the *Motor Accidents Compensation Act 1999*. 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 22 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*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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 10 and Note 12 for further information regarding fair value.

As the Authority does not own land, buildings or infrastructure assets, management does not believe that the revaluation of physical non-current assets every 3-5 years

is warranted, unless it becomes aware of any material difference in the carrying amount of any class of asset.

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 to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

vii) Depreciation of property, plant and equipment

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

The rates applied are:

Categories	2017	2016
	%	%
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	2017	2016
	%	%
Computer software	7.70-33.0	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 Hour-Glass Investment 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 Hour-Glass Investment funds 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% 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% (2016 2.00%).

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 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 12 and Note 23 for further disclosures regarding fair value measurements of financial and non-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 Office, 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.

The Commission replaced the Workers Compensation Resolution Service which was the administrative responsibility of the Department of Industrial Relations, and the Compensation Court which was the administrative responsibility of the Attorney General's Department.

Workers Compensation Independent Review Office

The Workers Compensation Independent Review Office (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 Schedule 10 of the *Workers Compensation Legislation Amendment Act 2012* No 53.
- To review work capacity decisions of insurers under Division 2 (Weekly compensation by way of income support) of Part 3 of the 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 Office 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 upon submission of the invoice.

The Authority has delegated this function to WIRO to administer.

SafeWork NSW

The *State Insurance and 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 21.

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.

As the *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 the comparative information is for a 10 month period only.

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

i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previously financial year. The Authority applied AASB 124 Related Party Disclosures for the first time in 2016-17.

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. It is expected that the implementation of these standards, except for AASB 16 Leases will not have a material impact on the financial performance or position of the Authority. The impact of AASB 16 Leases is 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 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107
- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets 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 2017-1 Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle

2. Expenses excluding losses

	2017	2016
	\$'000	\$'000
(a) Personnel services		
Salaries and wages (including annual leave)	40,312	46,460
Superannuation - defined contribution plans	2,936	3,920
Superannuation - defined benefit plans	809	654
Long service leave	(2,343)	2,779
Workers compensation insurance	308	263
Payroll tax and fringe benefit tax	2,382	3,044
Agency short-term staff	4,994	4,873
	49,398	61,993
(b) Other operating expenses include the following:		
Auditor's remuneration		
- audit of the financial statements	80	69
- internal audit and reviews	280	110
Operating lease rental expense		
- minimum lease payments	2,141	3,537
- other related expenses	2,731	2,373
Maintenance	5,970	5,552
Fees - Assessors	16,615	12,610
Fees - Services	14,005	564
Fees - Other	1,721	2,239
Advertising, promotion and publicity	805	809
Board ¹ and Committee fees	484	278
Compensation Court	1,125	39
Consultants - Actuarial fees	7,731	4,811
Consultants - Other	1,275	773
Contractors	8,982	6,419
Legal Fees	248	565
Travel and vehicle expenses	352	259
Communication expenses	1,944	1,441
Printing	251	983
Stores	790	1,908
Training	643	946
Vocational and rehabilitation programs	6,294	979
Bad debts	562	1,363
Other miscellaneous	1,626	1,721
	76,655	50,348
(c) Depreciation and amortisation expenses		
Depreciation		
- Leasehold improvements and restoration	518	533
- Office machines and equipment	7	7

¹ Payments to Board members are made in accordance with Premier's Guidelines and cover the State Insurance Regulatory Authority Board. There is no personnel services maintenance expense.

	2017	2016
- Furniture and fittings (incl. Library)	45	40
- Computer hardware	475	387
	1,045	967
Amortisation		
- Computer software internally generated	139	351
- Computer software purchased	82	109
	221	460
Total depreciation and amortisation	1,266	1,427
(d) Grants and subsidies		
Road Safety	4,020	3,419
Other	658	219
	4,678	3,638
(e) Finance costs		
Unwinding of discount rate- Judges pension	300	300
Unwinding of discount rate- Claims	1,734	1,610
	2,034	1,910
(f) Other expenses		
Net claims incurred (excluding Finance costs)	(2,111)	18,797
Workers Compensation Commission	23,090	21,828
Workers Compensation Independent Review Office	56,446	48,932
SafeWork NSW	112,105	107,555
Bulk Billing Fees - Ambulance Service of NSW	40,437	32,315
Bulk Billing Fees - NSW Ministry of Health	116,709	97,112
Processing Fees - Roads and Maritime Service	4,272	3,280
	350,948	329,819
Net claims incurred		
Finance costs - Claims (Note 2(e))	1,734	1,610
Net claims incurred (excluding Finance costs) (Note 2(f))	(2,111)	18,797
	(377)	20,407

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

	Claims paid 2017	Finance Costs 2017	Movement in claims liability 2017	Net claims incurred 2017	Net claims incurred 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurers' Guarantee Fund	3,335	1,734	(6,926)	(1,857)	7,982
Nominal Defendant Fund	50	-	1,430	1,480	12,425
	3,385	1,734	(5,496)	(377)	20,407

Details of expenses incurred by the Workers Compensation Commission are:

	2017	2016
	\$'000	\$'000
Personnel services		
Salaries and allowances (including annual leave)	8,037	7,209
Other	1,635	2,276
Total personnel service costs	9,672	9,485
Other operating expenses		
Operating lease rental expenses	1,623	1,300
Consultants	2	128
Contractors	122	76
Payments to arbitrators	2,868	2,686
Payments to approved medical specialists (AMS)	3,912	3,930
Payments for medical appeals panels	1,223	1,533
Payments for mediators	1,368	1,093
Other miscellaneous expenses	2,247	1,570
Total other operating expenses	13,365	12,316
Depreciation and amortisation	53	64
Total depreciation and amortisation	53	64
<i>Less:</i>		
Income		
Sundry income	-	37
Total income	-	37
Total Workers Compensation Commission	23,090	21,828

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

Personnel services		
Salaries and allowances (including annual leave)	4,011	3,323
Other	1,505	966
Total personnel service costs	5,516	4,289
Other operating expenses		
Operating lease and rental expenses	296	304
Consultants	-	26
Contractors	-	2
ILARS	49,864	44,034
Other miscellaneous expenses	770	336
Total other operating expenses	50,930	44,702
<i>Less:</i>		
Income		
Bank interest	-	59
Total income	-	59
Total Workers Compensation Independent Review Office	56,446	48,932

Details of expenses incurred by SafeWork NSW are:

	2017	2016
	\$'000	\$'000
Personnel Services		
Salaries and allowances	51,303	41,322
Other	8,587	11,147
Total personnel services costs	59,890	52,469
Other operating expenses		
Agency short term staff	1,732	1,174
Operating lease expenses	4,942	4,613
Consultants	262	174
Contractors	4,457	3,776
Fees - Shared Services	26,440	44,529
Fees - Other	18,384	5,370
Advertising	3,996	544
Grants and Subsidies	3,599	2,870
Other operating expenses	11,307	12,320
Total Other Operating expenses	75,119	75,370
Depreciation and amortisation	1,048	820
Total depreciation and amortisation	1,048	820
Total expenses	136,057	128,659
<i>Less:</i>		
Income		
Levies, retained taxes, fees and fines	15,504	12,670
Sale of goods and services	3,852	2,857
Grants and contributions	3,144	3,856
Other revenue	2,019	2,512
Total income	24,519	21,895
Gain/(Loss) on disposal	53	(21)
Other losses	(620)	(770)
Total SafeWork NSW	112,105	107,555
3. Revenue		
(a) Levies, retained taxes, fees and fines		
Levies and retained taxes		
Workers Compensation Operational Fund Contribution	213,707	177,504
Self and specialised insurers	40,805	36,054
Insurers' Guarantee Fund	(8,850)	53

	2017	2016
	\$'000	\$'000
CTP Premium Levy	246,009	177,010
Home Building Compensation Fund Contribution	2,084	-
	493,755	390,621
Fees		
Accreditation	2	150
Other	91	50
	93	200
Fines		
Workers compensation s156 recoveries	784	1,593
Infringement notices	12	7
	796	1,600
Total Levies, retained taxes, fees and fines	494,644	392,421
(b) Investment revenue		
Interest revenue from bank interest and TCorp Hour-Glass cash fund	1,578	1,928
TCorp Hour-Glass investment funds	278	3,845
TCorp managed funds	6,320	2,819
Other income	1,541	2,377
	9,717	10,969
(c) Sale of goods and services		
Fees for Services rendered to other Agencies	21,330	46,218
Other	14	60
	21,344	46,278
(d) Grants and contributions		
Fair Trading Home Building Warranty Contribution	-	343
	-	343
(e) Other revenue		
Distribution from liquidator – IGF	198	49
Nominal Defendant Fund reinsurance recoveries	869	12,570
Nominal Defendant Fund contribution	-	-
Superannuation defined benefit contribution	803	752
Other	1,765	234
	3,635	13,605
4. Gain/(Loss) on disposal		
Net gain/(loss) on disposal of property, plant and equipment and intangibles	(30)	(175)
	(30)	(175)
5. Other gains/(losses) on disposal		
Allowance for impairment of receivables	(766)	313
	(766)	313

6. Prior Period Error

The funding of SafeWork NSW was not included in the Authorities prior year financial statements in accordance with the Authority's funding obligations under Section 35(2)(b) of the *Workplace Injury Management and Workers Compensation Act 1998*. This has no impact on the net result of the prior year as both the income and expense associated with this funding obligation was not included. The changes made include an increase in the following:

Levies, retained taxes, fees and fines	-	107,555
Other expenses	-	107,555

7. Current assets – cash and cash equivalents

Cash at bank and on hand	138,723	57,097
Short-term deposits		
- TCorp Hour-Glass investment – cash fund	-	3,327
- Other TCorp investments	-	1,636
- Non TCorp investments	-	9,630
	138,723	71,690

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash at bank and on hand, term deposits with a maturity of less than 3 months and highly liquid investments.

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:

	138,723	71,690
Cash and cash equivalent assets (per Statement of financial position)		
	138,723	71,690
Closing cash and cash equivalents (per Statement of cash flows)		

Refer to Note 23 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. Current/non-current assets - receivables

Current

Receivables	38,260	56,577
Less allowance for impairment	(1,802)	(1,080)
Prepayments	3,976	3,660
CTP premium levy receivable	26,465	21,748
Investments receivable	-	446

	2017	2016
	\$'000	\$'000
Total receivables	66,899	81,351
Movement in the allowance for impairment		
Balance at start of period	(1,080)	(1,393)
Amounts written off during the year	44	-
(Increase)/decrease in allowance recognised in profit or loss	(766)	313
Balance at end of period	(1,802)	(1,080)
Refer to Note 23 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.		

9. Financial assets at fair value

Current		
TCorp Hour-Glass funds	-	73,477
TCorp managed funds	187,735	96,021
Total financial assets	187,735	169,498

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 22 provides more details on this.

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 23 for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. Non-current assets - property, plant and equipment

	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 (incl. library)	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 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	1,102	2,530	(4,616)	4,612	(518)	3,110
Office machines and equipment	40	7	(21)	-	(7)	19
Furniture and fittings (incl. library)	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

	At 1 September 2015			At 30 June 2016		
	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	24,553	(22,951)	1,602	24,574	(23,472)	1,102
Office machines and equipment	425	(391)	34	283	(243)	40
Furniture and fittings (incl. library)	197	(117)	80	197	(157)	40
Computer hardware	6,531	(5,220)	1,311	5,188	(4,212)	976
Total	31,706	(28,679)	3,027	30,242	(28,084)	2,158

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	-	1,672	(50)	13	(533)	1,102
Office machines and equipment	-	47	(155)	155	(7)	40
Furniture and fittings (incl. library)	-	80	-	-	(40)	40
Computer hardware	-	1,451	(1,483)	1,395	(387)	976
Total	-	3,250	(1,688)	1,563	(967)	2,158

11. Intangible assets

	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 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	212	520	99	831
Additions/transfers	-	-	2,258	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	52	438	2,357	2,847

	Internally generated computer software	Computer software purchased	Software WIP	Total
At 1 September 2015	\$'000	\$'000	\$'000	\$'000
Cost (gross carrying amount)	15,793	6,761	21	22,575
Accumulated amortisation and impairment	(15,230)	(6,094)	-	(21,324)
Net carrying amount	563	667	21	1,251
At 30 June 2016				
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

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	-	-	-	-
Additions/transfers	563	679	99	1,341
Disposals	(540)	(309)	-	(849)
Write back of amortisation on disposal	540	259	-	799
Amortisation expense	(351)	(109)	-	(460)
Net carrying amount at end of period	212	520	99	831

12. 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.

Depreciated historical cost is an appropriate surrogate for fair value because any difference between fair value and depreciated historical cost is unlikely to be material and the benefit of ascertaining a more accurate fair value does not justify the additional cost of obtaining it.

NSW Treasury has advised that 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".

13. Current/non-current liabilities – payables

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries, wages and on-costs	587	213
Creditors	38,855	10,519
Accrued bulk billing fees	7,143	4,894
	46,585	15,626
Non-current		
Creditors	101,191	80,741
Surplus funds repayable	6,459	7,328
	107,650	88,069
Total payables	154,235	103,695

Details regarding credit risk, liquidity risk, and market risk, including a maturity analysis of the above payables are disclosed in Note 23.

14. Current/non-current liabilities – provisions

	2017	2016
Current		
Personnel services and related on-costs		
Annual leave entitlements including on-costs	3,140	5,519
Long service leave entitlements including on-costs	10,259	18,854
Other		
Compensation Court judges pension	1,800	1,800
	15,199	26,173
Non-current		
Long service leave entitlements including on-costs	214	423
Compensation Court judges pension	10,200	11,098
Restoration costs – leased buildings	1,761	1,923
	12,175	13,444
Total provisions	27,374	39,617

	2017	2016
Aggregate employee benefits and related on-costs		
Provisions – current	13,399	24,373
Provisions – non-current	214	423
Accrued salaries, wages and on-costs (Note 13)	587	213
	14,200	25,009

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:

	2017	2016
	\$'000	\$'000
<u>Expected to be settled no more than 12 months</u>		
Annual leave and related on-costs	3,140	5,519
Long service leave and related on-costs	616	1,431
	3,756	6,950
<u>Expected to be settled after more than 12 months</u>		
Long service leave and related on-costs	9,643	17,423

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
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
2016			
Carrying amount at the beginning of period	13,700	1,923	15,623
Amount used/provision derecognised	(1,500)	-	(1,500)
Unwinding of discount rate	300	-	300
Change in the discount rate	500	-	500
Changes in other actuarial assumptions	(102)	-	(102)
Carrying amount at end of period	12,898	1,923	14,821

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.

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

	2017	2016
	%	%
Discount rate	2.50	2.00
Future salary growth	2.50	2.50

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

(a) Details of the nature of outstanding claims are provided in Note 22.

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:

	2017	2016
	\$'000	\$'000
Insurer's Guarantee Fund comprising:		
- Non-HIH	73,077	83,219
- HIH Insurance Co. Ltd.	28,487	27,034
Total Insurer's Guarantee Fund	101,564	110,253
Nominal Defendant Fund	1,930	500
Total outstanding claims	103,494	110,753
Expected future claims payments	123,345	121,986
Claims handling expenses	31,196	31,541
Discount to present value	(51,047)	(42,774)
Liability for outstanding claims	103,494	110,753
Current	8,860	8,615
Non-current	94,634	102,138
Liability for outstanding claims	103,494	110,753
Outstanding claims valued in accordance with AASB 137		
Carrying amount at start of period	110,753	127,753
Amounts used	(3,385)	(15,221)
Finance cost - unwinding of the discount rate	1,734	1,610
Change in discount rate	(7,515)	6,722
Increase/(Decrease) in amounts provided	1,907	(10,111)
Carrying amount at end of period	103,494	110,753

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

	2017	2016
	Years	Years
Insurer's Guarantee Fund	10.9	11.5

(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:

	2017	2016
	%	%
Inflation rate	2.69	2.50
Discount rate	1.75	1.63

(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:

	2017	2016
	%	%
Inflation rate	2.46-3.08	1.00-3.50
Discount rate	2.01-4.23	1.49-3.35

(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.

16. Increase/(decrease) in net assets from equity transfers

	2017	2016
	\$'000	\$'000
Cash and deposits	-	129,931
Receivables	-	44,356
Investments	-	161,730
Property, plant and equipment	-	3,027
Other assets	-	1,251
Payables	-	(113,748)
Employee entitlements	-	(26,327)
Other provisions	-	(15,623)
Other liabilities	-	(127,753)
	-	56,844

The *State Insurance and Care Governance Act 2015* was proclaimed effective 1 September 2015 to implement structural changes to the NSW workers compensation system and related compensation agencies. The above assets and liabilities were transferred to the Authority from the WorkCover Authority of NSW.

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

	2017	2016
	\$'000	\$'000
Net cashflows from operating activities	79,635	(54,536)
Depreciation and amortisation	(1,266)	(1,427)
Allowance for Impairment	(766)	313
Gain/(Loss) on disposal of non-current assets	(30)	(175)
Unrealised investment income	7,227	5,945
<u>Change in assets and liabilities</u>		
Increase/(Decrease) in receivables: current	(13,730)	37,002
Increase/(Decrease) in receivables: non-current	-	-
Decrease/(Increase) in payables: current	(27,426)	13,878
Decrease/(Increase) in payables: non-current	(19,581)	(5,714)
Decrease/(Increase) in provisions: current	10,974	1,203
Decrease/(Increase) in provisions: non-current	1,269	1,130
Decrease/(Increase) in other liabilities: current	(245)	21,472
Decrease/(Increase) in other liabilities: non-current	7,504	(4,472)
Net result	43,565	14,619

18. Commitments for expenditure

	2017	2016
	\$'000	\$'000
Operating lease commitments		
Future non-cancellable operating lease rentals not provided for and payable:		
Not Later than one year	4,163	6,867
Later than one year but not later than five years	15,948	-
Later than five years	19,367	-
Total (including GST)	39,478	6,867

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

Expenditure commitments for the Authority include input tax credits of 2017 \$3.589m (2016 \$624k) are expected to be recoverable from the Australian Taxation Office.

19. 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 2017, the Authority held deposits and bank guarantees to the value of \$1,376m. 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 2017 was \$160k.

A reconciliation of the movement in deposits and bank guarantees held by the Authority follows:

	2017	2016
	\$m	\$m
Balance at beginning of period	1,343	1,404
Deposits and guarantees lodged	516	634
Deposits and guarantees returned	(483)	(695)
Balance at end of period	1,376	1,343

20. 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. The Authority does not recognise a contingent liability but discloses its existence where outflows of economic benefits are probable, but not virtually certain. A contingent asset is the opposite of a contingent liability.

The Authority does not have any known contingent liabilities or assets at reporting date. (2016 Nil).

21. Budget review

Net result

The net result is favourable to budget due to lower expenditure levels overall and higher levels of CTP levy premiums received than anticipated.

Assets and liabilities

Total assets are favourable to budget, primarily due to more operational cash received than required during the year and lower expenditure levels

The liabilities are unfavourable to budget due to an increase in Creditors for services provided by the Department of Finance, Services and Innovation previously provided internally.

Cash flows

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

22. Restricted assets and liabilities (funds)

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

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

These funds are:

a) Workers Compensation Operational Fund

This fund is constituted under Section 34 of the *Workplace Injury Management and Workers Compensation Act 1998*. It is funded from contributions by insurers and self-insurers and it meets the Authority's operating expenses in relation to its Workers compensation regulatory functions as well as payments to SafeWork NSW as the independent workplace safety regulator, the Workers' Compensation Commission responsible for the determination of workers compensation disputes and payments to the Workers Compensation Independent Review Office (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*. 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*.

d) Nominal Defendant Fund

Under the *Motor Accidents Compensation Act 1999*, 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. A management fee of approximately 10 per cent on costs incurred is paid to Allianz. A Variation Agreement to Claims Management and Agency Agreement with provisions for incentives based on performance in claims management against the industry standard was signed on 5 January 2005. At 30 June 2017, 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 Compensation Fund

Under Section 12A(3)(d2) of the *NSW Self Insurance Corporation Act 2004* payments are made to cover the Home Building Compensation regulatory functions of the Authority.

These include approving proposed premiums, issuing guidelines for market practices and claims handling procedures for insurance under the Home Building Compensation Fund (HBCF).

f) 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 2017

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses including losses												
Operating expenses												
Personnel services	34,127	50,924	-	-	15,005	10,738	-	-	266	331	49,398	61,993
Other operating expenses	36,168	24,819	1,438	1,271	39,009	23,634	(503)	608	543	16	76,655	50,348
Depreciation and amortisation	1,111	1,040	1	1	154	386	-	-	-	-	1,266	1,427
Grants and subsidies	658	219	-	-	4,020	3,419	-	-	-	-	4,678	3,638
Finance costs	300	300	1,734	1,610	-	-	-	-	-	-	2,034	1,910
Other expenses	191,641	178,315	(3,591)	6,371	161,417	132,708	1,481	12,425	-	-	350,948	329,819
Total expenses excluding losses	264,005	255,617	(418)	9,253	219,605	170,885	978	13,033	809	347	484,979	449,135
Revenue												
Levies, retained taxes, fees and fines	255,402	215,358	(8,850)	53	246,008	177,010	-	-	2,084	-	494,644	392,421
Investment revenue	631	604	8,234	9,151	743	751	109	463	-	-	9,717	10,969
Sale of goods and services	21,342	46,278	-	-	2	-	-	-	-	-	21,344	46,278
Grants and contributions	-	-	-	-	-	-	-	-	-	343	-	343
Other revenue	1,382	934	200	49	1,184	48	869	12,570	-	4	3,635	13,605
Total revenue	278,757	263,174	(416)	9,253	247,937	177,809	978	13,033	2,084	347	529,340	463,616
Operating Result	14,752	7,557	2	-	28,332	6,924	-	-	1,275	-	44,361	14,481
Gain/(loss) on disposal	(21)	(175)	(2)	-	(7)	-	-	-	-	-	(30)	(175)
Other gains/(losses)	(766)	313	-	-	-	-	-	-	-	-	(766)	313
Net result	13,965	7,695	-	-	28,325	6,924	-	-	1,275	-	43,565	14,619
Total comprehensive income	13,965	7,695	-	-	28,325	6,924	-	-	1,275	-	43,565	14,619

Statement of financial position as at 30 June 2017

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets												
Current assets												
Cash and cash equivalents	57,288	(247)	985	16,693	71,875	47,688	7,158	7,556	1,417	-	138,723	71,690
Receivables	33,982	56,974	444	593	31,241	22,589	1,231	1,195	-	-	66,898	81,351
Financial assets at fair value	-	-	187,735	169,498	-	-	-	-	-	-	187,735	169,498
Total current assets	91,270	56,727	189,164	186,784	103,116	70,277	8,389	8,751	1,417	-	393,356	322,539
Non-current assets												
Property, plant and equipment	3,926	1,992	-	3	1	163	-	-	-	-	3,927	2,158
Intangible assets	1,130	762	-	-	1,717	69	-	-	-	-	2,847	831
Total non-current assets	5,056	2,754	-	3	1,718	232	-	-	-	-	6,774	2,989
Total assets	96,326	59,481	189,164	186,787	104,834	70,509	8,389	8,751	1,417	-	400,130	325,528
Liabilities												
Current liabilities												
Payables	32,734	5,939	198	1,316	13,564	7,448	-	923	89	-	46,585	15,626
Provisions	10,489	21,395	-	-	4,657	4,778	-	-	53	-	15,199	26,173
Other	-	-	6,930	8,115	-	-	1,930	500	-	-	8,860	8,615
Total current liabilities	43,223	27,334	7,128	9,431	18,221	12,226	1,930	1,423	142	-	70,644	50,414

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities												
Payables	13,788	5,523	87,402	75,218	-	-	6,459	7,328	-	-	107,649	88,069
Provisions	11,319	12,593	-	-	856	851	-	-	-	-	12,175	13,444
Other	-	-	94,634	102,138	-	-	-	-	-	-	94,634	102,138
Total non-current liabilities	25,107	18,116	182,036	177,356	856	851	6,459	7,328	-	-	214,458	203,651
Total liabilities	68,330	45,450	189,164	186,787	19,077	13,077	8,389	8,751	142	-	285,102	254,065
Net assets	27,996	14,031	-	-	85,757	57,432	-	-	1,275	-	115,028	71,463
Equity												
Accumulated funds	27,996	14,031	-	-	85,757	57,432	-	-	1,275	-	115,028	71,463
Total equity	27,996	14,031	-	-	85,757	57,432	-	-	1,275	-	115,028	71,463

Statement of cash flows for the year ended 30 June 2017

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities												
Payments												
Personnel services	(44,927)	(53,676)	-	-	(15,069)	(10,447)	-	-	(212)	-	(60,208)	(64,123)
Grants and subsidies	(658)	(219)	-	-	(4,020)	(3,419)	-	-	-	-	(4,678)	(3,638)
Other	(217,170)	(213,459)	(9,574)	(3,851)	(198,219)	(172,493)	(550)	(33,496)	(465)	-	(425,978)	(423,299)
Total payments	(262,755)	(267,354)	(9,574)	(3,851)	(217,308)	(186,359)	(550)	(33,496)	(677)	-	(490,864)	(491,060)
Receipts												
Sale of goods and services	29,613	277	-	-	2	-	-	-	-	-	29,615	277
Levies, retained taxes, fees and fines	256,388	217,139	-	-	241,339	171,818	-	-	2,084	-	499,811	388,957
Interest received	585	1,032	1,456	3,205	751	751	64	463	-	-	2,856	5,451
Grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-
Other	34,079	7,539	3,454	-	586	233	88	34,067	10	-	38,217	41,839
Total receipts	320,665	225,987	4,910	3,205	242,678	172,802	152	34,530	2,094	-	570,499	436,524
Net cash flows from operating activities	57,910	(41,367)	(4,664)	(646)	25,370	(13,557)	(398)	1,034	1,417	-	79,635	(54,536)

	Workers Compensation Operational Fund		Insurers' Guarantee Fund		Motor Accidents Fund		Nominal Defendant Fund		Home Building Compensation Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'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	7	-	-	-	-	-	-	-	-	-	7	-
Purchases of property, plant and equipment	(382)	(308)	-	-	(1,183)	(48)	-	-	-	-	(1,565)	(356)
Purchase of investments	-	-	(14,387)	(7,435)	-	-	-	-	-	-	(14,387)	(7,435)
Proceeds from the sale of investments	-	-	3,343	4,086	-	-	-	-	-	-	3,343	4,086
Net cash flows from investing activities	(375)	(308)	(11,044)	(3,349)	(1,183)	(48)	-	-	-	-	(12,602)	(3,705)
Net increase/(decrease) in cash	57,535	(41,675)	(15,708)	(3,995)	24,187	(13,605)	(398)	1,034	1,417	-	67,033	(58,241)
Opening cash and cash equivalents	(247)	-	16,693	-	47,688	-	7,556	-	-	-	71,690	-
Cash transferred in as a result of administrative restructure	-	41,428	-	20,688	-	61,293	-	6,522	-	-	-	129,931
Closing cash and cash equivalents	57,288	(247)	985	16,693	71,875	47,688	7,158	7,556	1,417	-	138,723	71,690

23. 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 2017	Carrying amount 2016
Financial assets	Notes		\$'000	\$'000
Class:				
Cash and cash equivalents	7	N/A	138,723	71,690
Receivables ¹	8	At amortised cost	12,018	4,186
Financial assets at fair value	9	At fair value through profit or loss – designated as such upon initial recognition	187,735	169,498
Financial liabilities				
Class:				
Payables ²	13	Financial liabilities (at amortised cost)	33,184	12,935

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.

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).

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. The TCorp Hourglass cash fund is discussed below.

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 (2016 \$3.4m) and less than 30 days past due (2016 \$568k) are not considered impaired. Together, these represent 95% (2016 95%) 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
2017			
< 3 months overdue	436	436	-
3 months - 6 months overdue	624	624	-
> 6 months overdue	47	47	-
2016			
< 3 months overdue	212	212	-
3 months - 6 months overdue	1	1	-
> 6 months overdue	-	-	-

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.

Authority deposits

The Authority has no funds placed on deposit with TCorp at 30 June 2017. The Authority had placed funds on deposit with TCorp at 30 June 2016, which were rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at

June 2016 were earning an average interest rate of 1.75%, while over the year the weighted average interest rate was 1.99% on a weighted average balance during the year of \$2.077m.

The Authority does not have any loans payable and no assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on the current assessment of risk.

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.

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 2017. (\$nil 2016)

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
2017								
Payables	N/A	33,184	-	-	33,184	33,184	-	-
2016								
Payables	N/A	12,935	-	-	12,935	12,935	-	-

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.

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.

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's 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%				
	Carrying amount	Profit or loss	Equity	Profit or loss	Equity	
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>						
Cash and cash equivalents	138,723	(1,387)	(1,387)	1,387		1,387
2016						
<i>Financial assets</i>						
Cash and cash equivalents	71,690	(717)	(717)	717		717

Other price risk - TCorp investment

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

Fund	Investment sectors	Investment horizon	2017	2016
			\$'000	\$'000
Cash fund	Cash and money market instruments	Up to 1.5 years	-	3,327
Australian equities	Australian shares	7 years and over	-	24,698
International equities	International shares	7 years and over	-	18,557
International equities hedged	International shares hedged	7 years and over	-	6,324
Emerging market equities	Emerging market shares	7 years and over	-	5,530
Unlisted property	Unlisted property	7 years and over	-	9,666
Listed property	Listed property	7 years and over	-	5,653
HG unlisted infrastructure	Infrastructure	7 years and over	-	3,049
IGF Investment Trust	Multi asset class	7 years and over	187,735	-

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

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

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

Fund	Change in unit price		Impact on profit or loss	
	2017	2017	2016	2016
	%	\$'000	\$'000	\$'000
Hour-Glass investment - Cash fund	+/- 1	-	33	
Hour-Glass investment - Australian shares sector	+/- 28	-	6,915	
Hour-Glass investment - International shares sector	+/- 24	-	4,454	
Hour-Glass investment - International shares hedged sector	+/- 15	-	949	
Hour-Glass investment - Emerging market shares sector	+/- 19	-	1,051	
Hour-Glass investment -Unlisted property sector	+/- 5	-	483	
Hour-Glass investment - Listed property sector	+/- 38	-	2,148	
Hour-Glass investment - Unlisted infrastructure sector	+/- 8	-	244	
IGF Investment Trust	+/- 8	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 Authorities 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 TCorp Hour-Glass funds, which are 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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2017				
Financial assets at fair value				
Indexed and interest bearing securities	-	-	-	-
Unit trusts	-	187,735	-	-
Derivatives	-	-	-	-
Total	-	187,735	-	-
2016				
Financial assets at fair value				
Indexed and interest bearing	95,102	878	-	95,980

	Level 1	Level 2	Level 3	Total
securities				
Unit trusts	-	73,477	-	73,477
Derivatives	41	-	-	41
Total	95,143	74,355	-	169,498

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

There was \$95.143m transferred between level 1 and 2 during the year with the establishment of the IGF Investment Trust (2016 Nil).

The value of the Hour-Glass Investments is based on the Authorities share of the value of the underlying assets of the fund, based on the market value. All of the Hour-Glass funds are valued using 'redemption' pricing.

24. Related Party Disclosures

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

	2017
	\$'000
Short-term employee benefits:	
Salaries	765
Non-monetary benefits	-
Post-employment benefits	-
Other long-term employee benefits	121
Termination benefits	-
Share based payments	-
Total remuneration	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 2017 are as follows:

Nature of Transaction	Transaction value	Net receivable/ (payable)
	\$'000	\$'000
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:

	2017
	\$'000
Income	
Department of Finance, Services and Innovation	19,575
Icare	1,449
Long Service Corporation	362
Ambulance Service of NSW	997
Expenditure	
NSW Ministry of Health	116,709
Ambulance Service of NSW	40,437
Roads and Maritime Service	4,271
Department of Finance, Services and Innovation	54,131
Government Property Services	3,128
Crown Solicitor's Office	146
Lifetime Care and Support Authority	371
Northern Sydney Local Health District	462
State Records of NSW	132
Transport NSW	2,754
Sydney Local Health District	100

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

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 during 2016-17:

- 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* No 102
- *Motor Accidents Compensation Act 1999* No 41
- *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*, Part 6

Changes in Acts and subordinate legislation

Acts

- *Motor Accident Injuries Act 2017*
- *Home Building Amendment (Compensation Reform) Act 2017*

Subordinate legislation

- Motor Accidents Compensation (Determination of Loss) Amendment Order 2016
- Motor Accidents Compensation Amendment (Claims) Regulation 2016
- Motor Accidents (Determination of Non-Economic Loss) Amendment Order 2016
- Workers Compensation Regulation 2016
- Workers Compensation (Weekly Payments Indexation) Amendment Order (No 2) 2016
- Workers Compensation (Indexation of Amounts) Amendment Order 2016
- Workers Compensation (Indexation of Amounts) Amendment Order 2017
- Workers Compensation (Indexation of Amounts) Amendment Order (No 2) 2017
- Workers Compensation Amendment (Latest Index Number) Regulation (No 2) 2016
- Workers Compensation Amendment (Death Benefits) Regulation 2016
- Workers Compensation Amendment (Legal Costs) Regulation 2016

- Workers Compensation Amendment (Transitional Arrangements for Weekly Payments) Regulation 2016
- Workers Compensation Amendment (Latest Index Number) Regulation 2017
- Workers Compensation Amendment (Premiums, Large Claim Limits and Policy Cancellation) Regulation 2017

Significant judicial decisions

AAI Limited v Motor Accidents Authority of New South Wales [2015] NSWSC 912

In this matter His Honour Justice Button of the Supreme Court decided that it was not the role of a Medical Assessor in undertaking their functions pursuant to s58(1)(d) of the *Motor Accidents Compensation Act 1999* to engage in an intricate legal analysis of the meaning of “causation” under ss3 and 3A the Act with reference to decisions of the High Court and Court of Appeal. His Honour was of the view that such tasks were the domain of lawyer and judges, not Medical Assessors.

A medical assessment, on His Honour’s view, provides an essential pre-condition for compensation by way of damages for non-economic loss. It is not the role of the Medical Assessor to determine the quantum of damages paid to a claimant found to have a whole person impairment of greater than 10%. The Certificate of the Medical Assessor is conclusive evidence that a motor accident or accidents materially contributed to whole person impairment greater than 10%, however this would not prevent a trial judge from determining that other precipitants were material contribution.

AAI Limited v State Insurance Regulatory Authority of New South Wales formerly the Motor Accidents Authority of New South Wales) [2016] NSWCA 368

The insurer appealed Button J’s orders. The Court of Appeal upheld Button J’s decision, finding that it is not the role of a Medical Assessor to determine whether a claimant’s injuries occurred as a result of a motor accident for the purpose of s3 of the Act. This is an issue of liability.

In this matter, there were a series of incidents occurring roughly at the same time that included a motor vehicle accident and physical assaults of the claimant.

Her Honour McColl JA was of the view that the Act did not require a medical assessor to determine which elements of an incident constituted a “motor accident”. Their role was to resolve disagreements about medical “matters” within their realm of expertise and to determine the cause of injury for the purpose of ascertaining damages.

Simpson JA also indicated that the Act did not contemplate a dissection of the injury into portions, nor did it require the apportionment of the consequences of a discrete incident in a single event.

State Insurance Regulatory Authority v Abdul-Rahman [2016] NSWCA 210

This decision overturned the Supreme Court decision in *Abdul-Rahman v WorkCover Authority of NSW* [2015] NSWSC 1483. That decision had found that a 2 year limitation period would begin on the date that workers compensation insurance cover first should have commenced, despite SIRA not being aware of that failure to take out insurance.

The effect of the Court of Appeal’s decision is that, once SIRA has determined that an employer has failed to pay workers compensation premiums, SIRA will have 2 years

from that date to commence proceedings to recover unpaid premiums (including to recover 'double premiums').

In this case, SIRA (then WorkCover) was found to have acted 'within time' in bringing proceedings against Mr Abdul-Rahman.

SIRA also argued before the Court of Appeal that an amount recoverable by SIRA under section 156(1) of the 1987 Act was not a penalty for the purpose of the *Limitation Act 1969* – and therefore that a 6 year limitation period should apply. The Court of Appeal found that such an amount was in fact a penalty, and therefore that a 2 year limitation period would apply.

Favetti Bricklaying Pty Limited v Benedek and Anor [2017] NSWSC 417

This was a Supreme Court appeal by an employer challenging a decision of the Workers Compensation Commission to refer a Work Injury Damages threshold dispute for medical assessment rather than determining liability.

SIRA sought the leave of the Court to appear in the proceedings and make submissions as to the operation of the legislation for two reasons. Firstly, the interpretation of the legislation being pressed by the employer was, in SIRA's view, incorrect in that the employer was arguing that the Registrar had no power to refer the matter for a medical assessment. Secondly, both the worker and the Commission had entered submitting appearances, which meant that there would otherwise have been no active party to provide any contrary view to the Court.

The appeal was heard on 22 July 2016 by Justice Bellew. His Honour gave judgment on 24 April 2017, setting aside the decision of the Commission and requiring the Commission to determine the issue of liability for the worker's permanent impairment.

Appendix 2: Numbers and remuneration of senior executives

Table A: Number of senior executives

Band	2015-16 ^{1,2}		2016-17 ^{1,2,3}	
	Female	Male	Female	Male
Band 1 (Director)	14	7	6	5
Band 2 (Executive Director)	1	2	1	3
Band 3 (Deputy Secretary)	-	-	-	-
Total	15	9	7	8
	24		15	

Table B: Remuneration of senior executives

Band	Salary range (\$)	Average remuneration	
		2015-16 ⁴	2016-17 ⁴
Band 1 (Director)	\$178,850 to \$255,050	\$161,121	\$163,333
Band 2 (Executive Director)	\$255,051 to \$320,900	\$244,543	\$242,921
Band 3 (Deputy Secretary)	\$320,901 to \$452,250	-	-

16.9% of SIRA's employee related expenditure in 2016-17 was related to senior executives, compared with 14.26% in 2015-16.

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 30 June 2016 and 29 June 2017.

³ 2017 numbers include only those employees appointed under the Government Sector Employment Act.

⁴ Salary ranges effective at the Workforce Profile census dates of 30 June 2016 and 29 June 2017.

Appendix 3: Government Information (Public Access) applications

SIRA's Right to Information team administers and fulfils SIRA's obligations under the *Government Information (Public Access) Act 2009* (GIPA). In line with most other agencies, during 2016-17 SIRA continued to apply fees and charges to requests for access to the government information the agency holds.

Section 7 - Authorised proactive release of government information

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.

How the agency carried out the review

During the 2016-17 financial year, SIRA's Right to Information team consulted throughout the organisation to identify information that could be proactively released, including any new information created or received. This ensured all areas of SIRA were aware of the importance of proactive release of information to the public.

Information released as a result of the review included:

- submissions received in response to consultations
- SIRA Board meeting communiques
- CTP scheme quarterly reports
- information about Scheme agent contracts
- information about changes to workers compensation legislation
- access to its new Customer Service Charter
- the Scheme agent performance report
- Workers compensation scheme issues paper, that outlines a number of reform options
- aspects of the 2010 Scheme Agent Deed.

SIRA primarily uses its website to release information free of charge that is considered to be in the public interest, including forms, publications, codes, guides, manuals, policies and reports, as well as the Insurance Premium Order, Annual Report, actuarial valuation of outstanding claims liability for the NSW Workers Compensation Nominal Insurer (conducted twice a year for the periods ending 30 June and 31 December) and Workers Compensation Benefits Guide. These documents can also be accessed by contacting the Customer Service Centre on 13 10 50. In addition, SIRA uses its website to provide ready access to current safety alerts, 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.

In the 2016-17 financial year, the majority of access applications received by SIRA related to insurance policy information. Throughout the year, the Right to Information team looked at which information was repeatedly released to determine whether there was a public interest in making that information publicly available. Subsequently no repeated information was identified to be in the public interest to proactively release.

SIRA will continue to review all new records in the 2017-18 financial year to determine information that can be made publicly available. We aim to update our website to increase the amount of information available, review our Policy Document Register and maintain the Disclosure Log.

Formal access applications

A total of 14 access applications were received during the 2016-17 financial year. This includes withdrawn applications but not invalid applications. A detailed analysis of these applications follows.

One access application received during the reporting period was not determined within the required timeframe and deemed refused.

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		2							2
Members of Parliament									0
Private sector business									0
Not for profit organisations or community groups									0
Members of the public (application by legal representative)	4	4		1					9
Members of the public (other)		2	1						3
Total	4	8	1	1	0	0	0	0	14

* 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 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
Personal information applications*	1								1
Access applications (other than personal information applications)	1	3	1						5
Access applications that are partly personal information applications and partly other	7	1							8
Total	9	4	1	0	0	0	0	0	14

*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	1

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	1
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	5
Excluded information	0
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	2
Law enforcement and security	1
Individual rights, judicial processes and natural justice	3
Business interests of agencies and other persons	4
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)	9
Decided after 35 days (by agreement with applicant)	4
Not decided within time (deemed refusal)	1
Total	14

Appendix 4: Privacy and personal information

The *Privacy and Personal Information Protection Act 1998* and *Health Records and Information Privacy Act 2002* address how all NSW public sector agencies must manage personal and health information.

All personal information held by SIRA is managed in accordance with NSW privacy legislation. This includes all types of records in any format such as documents (paper and electronic), data in business information systems and verbal decisions and objects (e.g. photographs, maps, evidence and samples).

Examples of the personal details of individuals with whom SIRA has contact includes names, dates of birth, residential addresses, drivers licence details, financial details, bank account details, wage records, work history, medical certificates and health details.

With the commencement of SIRA in September 2015, SIRA undertook a full review of its privacy practices. The review informed the development of a Privacy Management Plan for the agency which was published on the SIRA website in March 2016. The plan is designed to let the public know how we handle personal and health information. It is also used to train staff and inform policies and procedures regarding the handling of personal and health information.

The plan is supported by a Privacy Statement which provides an easily accessible snapshot of SIRA's privacy management practices, in particular the types of information we are likely to collect, how we may use or disclose that information and how an individual can access the information we may hold about them. The plan can be accessed on SIRA's website.

During the 2016-17 financial year, no applications were received under privacy legislation.

Appendix 5: Response to significant matters raised in the outgoing audit report

There were no significant matters raised in the outgoing audit report.

Appendix 6: Accounts payable performance 2016-17

Yearly data

Description	Invoices	Value
Goods and services payments within 30 days	7,504	\$59,250,897.14
Goods and services payments exceeding 30 days	17	\$113,242.30
Total goods and services payments	7,521	\$59,364,139.44
Percentage exceeding 30 days	0%	0%
Small business payments within 30 days	258	\$393,293.87
Small business payments exceeding 30 days	0	\$0.00
Small business total payments	258	\$393,293.87
Small business percentage exceeding 30 days	0%	0%

Monthly data

Description	July 2016		August 2016		September 2016	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	672	\$5,957,628.95	854	\$4,743,002.28	831	\$4,941,408.60
Goods and services payments exceeding 30 days	3	\$838.18	3	\$3,595.68	0	\$0.00
Total goods and services payments	675	\$5,958,467.13	857	\$4,746,597.96	831	\$4,941,408.60
Percentage exceeding 30 days	0%	0%	0%	0%	0%	0%
Small business payments within 30 days	26	\$169,381.55	27	\$47,624.13	27	\$16,654.76
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	26	\$169,381.55	27	\$47,624.13	27	\$16,654.76
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	October 2016		November 2016		December 2016	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	710	\$4,640,154.01	626	\$3,165,891.81	594	\$5,088,356.71
Goods and services payments exceeding 30 days	2	\$10,972.48	2	\$203.98	5	\$97,220.44
Total goods and services payments	712	\$4,651,126.49	628	\$3,166,095.79	599	\$5,185,577.15
Percentage exceeding 30 days	0%	0%	0%	0%	1%	2%
Small business payments within 30 days	18	\$11,940.80	18	\$12,867.30	28	\$31,366.26
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	18	\$11,940.80	18	\$12,867.30	28	\$31,366.26
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	January 2017		February 2017		March 2017	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	482	\$2,619,201.15	517	\$3,695,384.09	618	\$6,166,752.96
Goods and services payments exceeding 30 days	1	\$54.40	0	\$0.00	0	\$0.00
Total goods and services payments	483	\$2,619,255.55	517	\$3,695,384.09	618	\$6,166,752.96
Percentage exceeding 30 days	0%	0%	0%	0%	0%	0%
Small business payments within 30 days	29	\$56,035.23	21	\$14,493.47	20	\$10,509.82
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	29	\$56,035.23	21	\$14,493.47	20	\$10,509.82
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Monthly data

Description	April 2017		May 2017		June 2017	
	No.	Value	No.	Value	No.	Value
Goods and services payments within 30 days	417	\$3,638,762.59	593	\$6,668,970.42	590	\$7,925,383.57
Goods and services payments exceeding 30 days	0	\$0.00	1	\$357.14	0	\$0.00
Total goods and services payments	417	\$3,638,762.59	594	\$6,669,327.56	590	\$7,925,383.57
Percentage exceeding 30 days	0%	0%	0%	0%	0%	0%
Small business payments within 30 days	12	\$3,072.75	22	\$11,336.08	10	\$8,011.72
Small business payments exceeding 30 days	0	\$0.00	0	\$0.00	0	\$0.00
Small business total payments	12	\$3,072.75	22	\$11,336.08	10	\$8,011.72
Small business percentage exceeding 30 days	0%	0%	0%	0%	0%	0%

Appendix 7: Overseas travel

Andrew Nicholls (Executive Director, Motor Accidents Insurance Regulation) travelled to Singapore from 12 to 18 November 2016 to attend the Australia and New Zealand School of Government's (ANZSOG) Executive Fellowship Program.

The Program in 2016 included a core international component exploring global leadership issues in the public sector at Lee Kuan Yew School of Public Policy, University of Singapore. The trip was funded by ANZSOG through the registration fees, while incidental expenses totalling \$193.39 were met directly by SIRA.

Appendix 8: 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	\$3,691,083
Ernst Young	Motor accidents insurance regulation CTP reforms	\$1,485,653
Finity Consulting Pty Ltd	CTP premium system review	\$645,455
Ernst Young	Premium system review	\$578,166
The Trustee for John Trowbridge Consulting Trust (Maydark Pty Ltd)	Motor accidents insurance regulation advice	\$435,000
Grascosway Pty Ltd	Statutory insurance schemes review	\$373,943
Taylor Fry Consulting Actuaries	Professional fees for actuarial consulting services	\$353,723
Ernst Young	Actuarial consulting services	\$205,900
Capgemini	Statutory insurance schemes review	\$148,000
BSMimpact	Skills capability assessment	\$104,389
Finity Consulting Pty Ltd	Home building compensation regulation advice	\$103,078
Taylor Fry Consulting Actuaries	Motor accidents insurance regulation CTP reforms	\$98,945
Ernst Young	Review of the 2017 workers compensation premium filings	\$76,983
Finity Consulting Pty Ltd	Motor accidents insurance regulation CTP reforms	\$76,000
Ernst Young	Development of workers compensation self-insurer framework	\$72,000
Taylor Fry Consulting Actuaries	Development of CTP market practice and prudential guidelines	\$68,176
PricewaterhouseCoopers Actuarial Pty Ltd	Valuation of the insurers guarantee fund	\$68,000
Total greater than \$50,000		\$8,584,494

Vendor	Description	Total
Plus 23 consultants less than \$50,000		
	Management services	\$239,483
	Organisational review	\$149,219
	Information technology	\$21,550
	Finance and accounting	\$11,749
Total less than \$50,000		\$422,001
Total consultants		\$9,006,495

Appendix 9: Land disposal

SIRA did not dispose of any property in 2016-17.

Appendix 10: Board meetings

The SIRA Board met 11 times during the reporting year.

The meetings were held on 15 July 2016, 10 August 2016, 9 September 2016, 11 October 2016, 11 November 2016, 5 December 2016, 23 February 2017, 27 March 2017, 24 April 2017, 26 May 2017 and 20 June 2017.

Meeting attendance was as follows:

- Mr Matthews, Ms Milne and Dr Bloom attended all 11 meetings
- Dr Innes attended seven meetings
- Mr Hoffman attended five meetings in his ex-officio capacity, and a further six meetings as an observer
- Ms Donnelly attended five meetings in her ex-officio capacity
- Mr Lean attended six meetings in his ex-officio capacity.

Note that:

- Mr Lean resigned from DFSI on 17 March 2017
- Dr Innes commenced as the Secretary's nominee to the Board in November 2016, at which time Mr Hoffman's further participation was as an observer only.

Appendix 11: Grants

Research review

During 2016-17, SIRA engaged NSW's Chief Scientist and Engineer, Professor Mary O'Kane AC, to review the effectiveness of our sponsorships, incentives, grants and research funding approaches.

In response to the review, we have established an integrated Strategic Outcomes and Applied Research (SOAR) 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.

While we did not enter into any new areas of research this year, 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.

Outcomes and highlights of the program this year included:

- 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. This program, with follow-up two years after injury, was conducted by the John Walsh Centre for Rehabilitation Research at the University of Sydney.
- The Vocational Intervention Program has been trialling two intervention approaches in rural and metropolitan brain injury rehabilitation units in NSW. Nearing completion, approximately 68 per cent of participants have been employed. This successful pilot is now looking at being expanded to more sites for further testing and evaluation.

The research grants listed below were substantially initiated prior to the review.

Research programs funding from the Motor Accidents Fund expended in 2016-17

Recipient	Details	Nature	Amount
Transport NSW	MOU with NSW Centre for Road Safety	Research	\$2,775,576
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	\$376,950
icare Lifetime Care and Support	Vocational Intervention Program (VIP) trialling two intervention approaches in rural and metropolitan brain injury rehabilitation units in NSW.	Research	\$193,706
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	\$185,000

Recipient	Details	Nature	Amount
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	\$100,000
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	\$56,560
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	\$53,676
Pedestrian Council of Australia	Walk safely to school day	Education	\$50,000
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	\$42,000
University of Sydney	The evaluation of community physiotherapy pain management program.	Research	\$39,940
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 and pain in the trauma population.	Research	\$30,000
Northern Sydney Local Health District	John Walsh Centre for Rehabilitation Research forum and workshop.	Education	\$26,450
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	\$49,877

Recipient	Details	Nature	Amount
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	\$24,500
Pedestrian Council of NSW	Never let a mate walk home drunk	Education	\$15,000
University of Sydney	Physiotherapy exercises website project. 150 additional orthopaedic injuries have been added to the existing physiotherapy exercises website.	Research	\$12,487
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	\$7,955
Western Sydney Local Health District	Investigating the redesign implementation strategy of interdisciplinary trauma team training on health service and patient.	Research	\$1,041
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 ¹
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	\$0 ¹
Monash University	Claims advice and decision after injury (sub study) of the inception cohort study. The study will provide the SIRA with evidence to inform the development and evaluation of policy options in the motor accidents scheme.	Research	\$0 ¹
St Vincent's Hospital/South Eastern Sydney and Illawarra Health Service	Acute rehabilitation initiative. A collaborative research proposal examining the impact of acute rehabilitation for patients injured as a result of road trauma either severely or moderately.	Research	\$0 ¹
Ingham Institute	Postdoctoral fellowship	Fellowship/ PhD	\$0 ¹

¹ \$0 (zero) expenditure indicates no spend in awarded grant funding during 2016-17.

Recipient	Details	Nature	Amount
The University of Queensland	Support of OTseeker evidence database for occupational therapy interventions	Education	\$9,934
Sub-total			\$4,050,652
	In-year accounting adjustment		(\$30,563)
Total			\$4,020,089

Research programs funding from the Workers Compensation Operational Fund expended in 2016-17

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	\$166,963
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	\$139,128
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	\$112,164
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	\$62,372
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	\$59,983
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	\$50,821
Employment Research Australia	Work, health and safety of NSW homecare workers	Research	\$47,470

Recipient	Details	Nature	Amount
University of Wollongong	Respiratory protection: are our standards protecting workers? The objective of this study is to determine the Most Penetrating Particle Size (MPPS) through a range of commonly used respirator filters in Australia, to evaluate whether the MPPS is considered in standard testing criteria for respirator filtering efficiency. The findings will inform the development of Australian and international standards on the selection and evaluation of respiratory protection for effective mitigation of diesel particulate matter and other hazardous chemicals.	Research	\$3,996
Global Access Partners Pty Ltd	GAP early return to work roundtable series. The GAP taskforce on productive ageing will convene a series of roundtable meetings to promote the results of Professor Nicholas' research with mature age workers suffering from back pain and soft tissue injuries. It will also engage 'early adopters' amongst employers and insurers and encourage them to roll out targeted intervention strategies with their company clients.	Research	\$15,000
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
Total			\$657,897

Total grants for 2016-17	Amount
Total Motor Accidents Fund	\$4,020,089
Total Workers Compensation Operational Fund	\$657,897
Total	\$4,677,944

¹ \$0 expenditure indicates no spend in awarded grant funding during the 2016-17.

Appendix 12: 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 work 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 2016-17, 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
- establishing a carers employee resource group and having carers as a focus of our internal Diversity Council.

Appendix 13: Publication notes

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

Acronyms

AASB	Australian Accounting Standards Board
ANZSOG	Australia and New Zealand School of Government
CARS	Claims Assessment and Resolution Service
CTP	compulsory third party
DFSI	Department of Finance, Services and Innovation
GIPA	<i>Government Information (Public Access Act) 2009</i>
HBCF	Home Building Compensation Fund
icare	Insurance and Care NSW
IGF	Insurers' Guarantee Fund
ISMS	Information Security Management System
ILARS	Independent Legal Aid Referral Service
MAIR	Motor Accidents Insurance Regulation
MAS	Medical Assessment Service
MPPG	Market Practice and Premiums Guidelines
MRS	Merit Review Service
NDF	Nominal Defendant Fund
PIDA	<i>Public Interest Disclosures Act 1994</i>
SIRA	State Insurance Regulatory Authority
TMF	Treasury Managed Fund
WIRO	Workers Compensation Independent Review Office

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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

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